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1948

HOUSE OF COMMONS

Tuesday, April 20, 1948

The house met at three o'clock.

RIGHT HON. W. L. MACKENZIE KING

FELICITATIONS ON HOLDING OF OFFICE OF PRIME MINISTER LONGER THAN ANY OTHER PRIME MINISTER OF A BRITISH COUNTRY

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, there are a few words which I should like to say to the house. The Prime Minister (Mr. Mackenzie King) has today reached another milestone in his remarkable career, and I am sure that the house would wish to give some recognition to the occasion.

It is no small achievement to have held the high office of prime minister, not only longer than any former prime minister of Canada, but also longer than anyone has held the office of prime minister in any country of the British empire.

What the Prime Minister has attained is a world record as the elected leader of a free nation. That such an achievement has been possible is of course a proof of his rare and impressive personal qualities. But it is also an indication of the stability of our people and of the completeness with which they have adapted British institutions to Canadian conditions.

My remarks, I need hardly say, are in no sense intended as a party manifestation. I would hope that my sentiments would be shared by all members of the house. But speaking on behalf of the Prime Minister's political supporters in the house, and I think I can also speak for his political supporters throughout the country, I count it a privilege to extend to him on this occasion our sincere congratulations.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, there are indeed occasions when all partisanship can be laid to one side, and I think the present is an occasion on which we can all join in recognition of the very high distinction that has come to the right hon. the Prime Minister in the fact that he has held office as prime minister longer than any other prime minister in any of the British dominions or in the dear old motherland itself.

I understand that today the right hon. gentleman exceeds the long tenure of office of Sir Robert Walpole, whose portrait hangs among those of other famous men in the corridor leading to the restaurant on the sixth floor.

In my childhood we used to read a good deal about Sir Robert Walpole, and we were struck by the fact that he had held office for so long a time.

Today, Mr. Speaker, I feel very humble. My leader (Mr. Bracken) just a moment ago sent word asking me to speak after the right hon. the Minister of Justice. The Prime Minister and I have something in common, not shared by any others in this house. Our mothers were warm friends as girls in Toronto, and many a time I heard my own mother speak of the right hon. gentleman. It is therefore with great pleasure that I rise to voice the sentiments of this side of the house, in the official opposition, in congratulating the Prime Minister on the high distinction he has brought to Canada, in placing this country at the head of all other parts of the empire, including the old land itself, in his length of tenure of office as prime minister.

Personally I hope the Prime Minister will live for many years yet, and if he does retire, as he has intimated he will, I hope that in his days in private life he will be afforded the opportunity to write that which this country needs so much, his own memoirs; because, apart altogether from politics, those memoirs will cover a wide field and a long period, and will include those who went before the right hon. gentleman.

I felicitate the Prime Minister and wish him long life and good health.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, we of the Co-operative Commonwealth Federation join in felicitation of the Prime Minister on this occasion. It is indeed a remarkable achievement to have been prime minister of this great country for approximately twenty-one years. It is just over two hundred years since Sir Robert Walpole relinquished the reins of office, having been in reality and in very truth the first prime minister of any country now included in this great commonwealth of nations which share a common democratic heritage and common parliamentary institutions.

The Prime Minister has made a great contribution to the growing up, if I may put it that way, of this country; to the achievement of its maturity as a nation. Since the time he came into office at the end of the first world war, succeeding Sir Robert Borden, who had insisted on Canada signing the treaty of Versailles in its own right, he has witnessed and aided the growth of that nationhood of which we are all proud. While we remember Walpole as the first Prime Minister of Britain, the present Prime Minister of Canada will perhaps be remembered for many things, but one of them will be that, during his long term of office, Canada in very truth obtained recognition throughout the world as a sovereign nation.

Mr. J. H. BLACKMORE (Lethbridge): It affords the members of the Social Credit group, Mr. Speaker, great pleasure to be able to join with the other members of the house in congratulating the Prime Minister on this day. We congratulate him on his achievements as Prime Minister. He has been called upon to stand at the head of affairs in this nation while we have been passing through trying times. What is yet ahead, no one can tell. He may yet be called upon to render great service to this nation. In case he should be, we wish him health, strength and good spirits, that he may be able to discharge any other responsibilities he may be called upon to assume.

(Translation):

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, it will seem fitting, I am sure, that a French-speaking voice should join with those we have just heard in extending to the Right Hon. Prime Minister (Mr. Mackenzie King) a tribute of admiration, affection, gratitude and warm wishes on this day when his term of office as leader of one of the Commonwealth states equals that of the prime minister who, before him, had headed one of these states longer than anyone else.

It is a fact worth recording because it illustrates not only the continuity of our prime minister's services but also the ease with which we adapt ourselves to the parliamentary system modelled on the long experience of Westminster:

The fathers of confederation gave us a constitution basically similar to that of the United Kingdom and, though our parliament has not yet existed a full 81 years, already one of its leaders has served as prime minister as long as any other in the several centuries since the foundation of the institution upon which our own is patterned.

[Mr. Coldwell.]

We have indeed cause to rejoice over such a fact just as we have cause to rejoice over the opportunity we are given today of extending our congratulations to the one who, more than anyone else in our nation, has contributed with such constancy in investing our parliament with the stamp of dignity, of stability, and with such substantial pledges for the future.

(Text):

Mr. T. L. CHURCH (Broadview): As a former head of the city of Toronto, Mr. Speaker, I wish to add a word of tribute to what has already been so well said by the others who have spoken today.

I think I have known the Prime Minister longer than almost any other person here in the house. I have always had a great deal of admiration and respect for him. I knew his father, who was a beloved professor in the law school when I attended it. I knew his mother, his father and all his family. I have always had a high regard for him personally, because of his kindness of heart to all his friends. I will say this about him. He has given a long life of able and brilliant service to our country. I am one of those in the house who has never allowed religion or politics to mix up with friendship.

I will always remember what his distinguished parents have done for this country. His grandfather was the first mayor of our city, in 1834. I was in Toronto the other day, and I may say that a large tablet is erected there marking his grandfather's grave. One of my last acts as head of the city was, I think, in December 1921. I remember his brother, who was a great member of the medical profession. His body arrived at the Union station, and as head of the city I accompanied it for burial. I have always remembered the kindness of heart of the Prime Minister.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): It is refreshing, Mr. Speaker, to hear such speeches as these on an occasion like this. Mr. King has been my only leader for a long time, and perhaps he will be my only one; I do not know about that. He has been my leader most of the time, to the extent that my conscience permitted me to follow him.

There is one thing that I find quite unusual, and it lies in the calling to mind of the length of time a man has been in office; the time has seemed to be so short. Mr. King is still so youthful looking that it is hard to believe he has been here longer than Walpole—who has been dead for a long time—was prime minister of Britain. I do not think it is fair to compare

a living man who is in good health with a dead one. It is unjust to do that. But it can be said that everybody meant well.

The cabinet ministers spoke well. My good friend the hon. member for Davenport (Mr. MacNicol) made a moving speech. So did the hon. member for Broadview (Mr. Church); the leader of the C.C.F. party, and the member for Lethbridge (Mr. Blackmore) acting as leader of the Social Credit party, also spoke very well. I regret that we have not enough celebrations of this kind. We had one for Mr. King on the occasion of his birthday, and at the time of the unveiling of his picture in the House of Commons. On another occasion, when he left for a trip outside of Canada, we wished him godspeed; and on his return he was welcomed. But I think there should be celebrations like that for every member of the House of Commons. We have a gracious member amongst us, the hon. member for Qu'Appelle (Mrs. Strum). Why do we not join together in order to hold a celebration in her honour?

The spirit of the House of Commons is better today than it usually is. Why? Because politics have been forgotten for a time. That is a good thing. We are here together. We are in the same boat. I notice once more that Mr. King has some very good friends amongst his critics. Those who flatter him are not always his true friends. They may expect something, but he is too great a man to pay attention to flattery. I am sure that at times he appreciates criticism much more than flattery, because he must surely give the one who may criticize, the benefit of the doubt.

Now, sir, in the hope that you and all my colleagues will be honoured in turn on fine occasions like this, I offer my congratulations and good wishes to Mr. King, as this is a good precedent for other celebrations of the same kind to honour each one of our colleagues in turn.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I at once extend my good wishes to every hon. member of this house, and my warmest thanks for the generous expressions of good will to which I have listened this afternoon. I do not think I need say that it would be much easier and pleasanter for me to be extending congratulations to hon. members in different parts of the house than to be attempting to acknowledge the kind words that have been extended to me. Nevertheless these occasions do come along. They have been coming much too rapidly of late; time has been flying by much too quickly. To have been able to retain over many years the confidence and good will of those closest to one in public life is in itself something for which one should indeed be more than grateful. I should like hon. members to know that for their confidence, over so long period of time, I am indeed deeply grateful.

I thank very warmly my colleague the Minister of Justice (Mr. Ilsley) and my colleague the Secretary of State for External Affairs (Mr. St. Laurent) for what they have so kindly said on behalf of the members of the government, and the members of the party with which I have been associated during the greater part of my life. They need no words of acknowledgment, but rather would I express gratitude to them for what their lives and the lives of those on whose behalf they have spoken, have meant to mine; what the loyalty, the industry and the ability of those by whom, over the years, I have been surrounded in council has meant so far as my life is concerned in bringing this day to pass.

I thank most warmly all members of the Liberal party, those in this house and those outside it, who have given me their support, for having made possible the years of office it has been my privilege to enjoy.

Need I say, Mr. Speaker, that it has touched me not a little that words from hon. gentlemen of the official opposition should have come from two hon. members who have been not only close personal friends over many years, but who also have had close associations with those who have been nearest and dearest to me in my life. It has been, perhaps, a part of my misfortune that so much of my time in public life has been lived more or less alone. But that has only served to cause me to realize more deeply, than perhaps I otherwise would have, how much I owe in what there may have been by way of accomplishment to those whose example and whose lives have meant more than all else to mine. I thank the hon. member for Davenport (Mr. MacNicol) for his close friendship, and for his reference to the friendship of our mothers, before either of us was born. I also thank the hon. member for Broadview (Mr. Church), who has had close associations with members of our family in the past, for having spoken so generously of what that association has meant.

I need not say how deeply I appreciate the kindly sentiments expressed by my friend the leader of the Co-operative Commonwealth Federation (Mr. Coldwell) and those of my friend the hon. member for Lethbridge (Mr. Blackmore), who has spoken on behalf of the leader of the Social Credit party. To both

I am deeply indebted for what they have so kindly said, and to their followers for the cordial manner in which they have responded to their expressions of good will. In passing, I should like to say to the hon. member for Lethbridge how much I regret the absence from the house through illness of the leader of the Social Credit party. I hope the hon. gentleman will express to his leader my good wishes, and my hope that he may speedily return to this house in health and strength.

To my friend the hon. member for Temiscouata (Mr. Pouliot), I also feel indebted for what he, too, has said. I appreciate the friendship I have shared with him, as I do the loyalty and friendship I have had in such full measure from all hon. members on this side of the house.

Mr. Speaker, I had been told that something might be said this afternoon to which I would be expected to reply. Not being too sure, feeling as I have during the past few days, that I might not omit what I most wished to say, I wrote out a word or two this morning which with the permission of the house I should like to read. It expresses what I feel most deeply about this particular moment, in relation to our parliament. I hope hon. members will believe that I speak in an impersonal way in seeking to convey what I feel to be the significance of this occasion.

It is well, I think, we should all have in mind just what has occasioned today's congratulations. To do so, at all events, will make it a little easier for me fittingly to acknowledge what others have found it possible to say. It will make clear, too, that it is to others I owe whatever merit there may be in the long years of office I have been privileged to enjoy. This is what I have written.

It is with a record—a sort of long distance record—in the matter of the time of holding high office in the state that our thoughts and our words are concerned for a moment this afternoon. If records are to be related to countries, then I am indeed happy that it has been my good fortune to be the one to win a record—an unequalled record, I am proud to say—which redounds to the credit of Canada.

What pleases me in equal measure is that a record achieved in our country, and in Canada's parliament, under our system of free, representative, responsible government, should be of great significance to the world today in the struggle we are witnessing between totalitarianism and democracy. The struggle today in many lands, and indeed it has become a world struggle, is again the age-long one between freedom and tyranny, between democracy and totalitarianism. Today's record makes clear that to gain and to retain power in a free country, to help shape the policies of its government, it is not necessary that the head of a political party or of an administration should be either a superman or a dictator.

It has been well said that the symbol of democracy is the secret ballot; that the symbol of totalitarianism is the secret police. The record of which mention is being made today is attributable to the protection afforded the majority, by the secret ballot. Nowhere about this record is there the sinister shadow of a secret police. It signifies the opportunities which democracies afford to a man of average industry, intelligence and integrity, who is prepared to give his time to public service. It speaks volumes for what, in a democracy, is possible for the individual.

Now let me return to the spoken word. I need not say how grateful I am to have been spared in health and strength to enjoy an honour I had never sought, and to the possibility of which, until obliged to do so by the all too rapid passing of time, I had never so much as given a thought.

I am particularly proud to possess this honour at the instance of the people of Canada. I cannot say how grateful I am to my fellow citizens who have given me their confidence over so long a period of time. Nor can I say how much I owe to the loyalty and ability of those of my party who surround me today, and to those who through my years of office—totalling twenty-one years within two months from today—have given me such unfailing and devoted support. I have, too, very much in mind how much I owe to the officials and other members of our public service, and to the many friends without whose help over the years I could not have begun to meet the least of the obligations of my present position.

It is with mixed feelings indeed that I express my gratitude for the many evidences of good will of which I have been the recipient today, from within and without these halls of parliament, from many other parts of our country, and from friends in countries other than our own. I should find much greater satisfaction in the occasion were its emphasis upon years of office to which I might still look forward in this period of transition in the world's history, rather than so exclusively upon years that have flown by so quickly and are gone forever.

To me personally, however, this day is one of thankfulness. I am particularly thankful

that I have been spared to participate during so many years in the public life of our country, and to see the high place Canada has come to hold in the regard of other nations. I am thankful, too, that having been in office for so long a time, I have so many—I might almost say "any"—friends left. This is the more surprising, and may I add the more pleasing, in that I have had, of recent years, so little opportunity to see anything at all of many of my fellow members, or to share with them, inside or outside these halls of parliament, the personal and social contacts which are so all-important and so enjoyable.

May I say in conclusion that I rejoice above all at the opportunity public life has afforded me to render some service to my fellowmen. This service I trust through years to come may be helpful to many.

VETERANS AFFAIRS

THIRD REPORT OF SPECIAL COMMITTEE

Third report of the special committee on veterans affairs.—Mr. Mutch.

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

That the name of Mr. Hallé be substituted for that of Mr. Baker on the special committee on veterans affairs.

Motion agreed to.

PRIVILEGE

MR. MITCHELL—PRESS REPORTS WITH RESPECT TO GOVERNMENT ANNUITIES

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I rise on a question of privilege. Yesterday I tabled orders and made a statement in the house to the effect that the interest rate on payments on government annuity contracts had been reduced from four to three per cent. I stated on that occasion:

These matters have effect as of the 19th day of April, 1948, but do not change existing contracts.

I notice in this morning's *Globe and Mail* of Toronto that, with respect to this matter, and referring to what I said, it states:

It would, he pointed out, affect contracts already in force.

This is entirely the opposite of what I did say; and I trust the *Globe and Mail* will make a correction for the benefit of its readers who have been purchasers of government annuities.

I am sorry also to have to refer to a report on this matter appearing in today's Montreal *Gazette*. This states that the change in interest rates was forced by the representations of private business. That is not correct. I have not to my recollection met any of the business interests referred to in this matter—and I have been in the ministry for more than six and a half years.

The change was made, as I have stated, to bring the rate in line with that paid on government securities. The *Gazette* also reports alleged claims of private business that the government annuities scheme has been subsidized out of tax funds to the extent of $4,500,000 a year. This is a gross inaccuracy. The average annual mortality losses to the government in the past five years has been $400,000. The government pays the cost of administration of the annuities act. The average annual cost for the last five years was $437,000.

NATIONAL DEFENCE

ANNOUNCEMENT OF ESTABLISHMENT OF INDUSTRIAL DEFENCE BOARD

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, I have to announce the establishment of the industrial defence board, made today, and I now table a copy of P.C. 1739 creating the board, also a copy of P.C. 1740 giving the names of the chairman, vice-chairman, and members of the board representing industry.

As set out in the terms of reference, the primary purpose of the board is—

To advise the government of Canada and the Minister of National Defence on all matters relating to the industrial war potential of Canada.

The members of the board representing industry are all men who gave notable service in connection with industrial organization during the second world war. One of the objects of our setting up the board is to ensure that the experience they gained will not be lost and will be the basis for future developments.

Their names are Messrs. H. J. Carmichael, C.M.G., Chairman; J. Edouard Simard, Vice-Chairman; G. R. Donald, O.B.E.; William Knoll; J. G. Notman; Clarence Wallace and William A. Wecker.

In addition the members of the board will include the chairman of the defence research board; the president of Canadian Arsenals Limited; the three principal supply officers of the armed forces of Canada; the deputy minister of national defence and the deputy minister of trade and commerce.

In a letter to Mr. Carmichael this morning I set out some of the matters which I thought

should be given immediate attention. I table a copy of this letter. These matters include:

Examination of the various agencies concerned in planning and initiating procurement and production of war equipment in Canada so as to recommend a division of responsibilities which will ensure that these responsibilities are effectively met without overlapping.

Consideration of requirements in the light of plans and possible programs of the armed forces and the assessment of the capacity to make available the materials, manpower and manufacturing facilities that may be required, with special recommendations regarding materials, industry or plants which are regarded as essential and for which some special provision should be made.

To assist in the work of organization, I have designated Colonel W. G. Denny, O.B.E., as acting executive secretary. Colonel Denny has held positions in connection with ordnance work during the war in Europe, as well as at home and in the United States.

It will be seen that one of the major jobs of the board will be to ensure effective co-operation between the armed forces and the various agencies operating in this field. I refer particularly to the newly organized Canadian Ordnance Association, representing industry.

In the last war Canada became a great arsenal of democracy. Should an emergency ever arise again our expectation is that this board will assist us in being prepared to ensure that Canada will play its full and necessary part in the preservation of freedom and in the defence of our country.

MINISTERIAL POWERS

REFERENCE TO DECISION OF MR. JUSTICE ANGERS IN NARCOTICS CASE

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I should like to direct a question to the Minister of National Defence (Mr. Claxton), and offer it also for the edification of the Minister of Justice (Mr. Ilsley), in regard to a judgment handed down by Mr. Justice Angers. I would ask the Minister of National Defence whether, in view of the finding of the judge in this case that discretionary encroachment by certain ministers and deputy ministers will, if not curtailed, result in this country's being ruled by a dictatorial government, he will alter the order he made.

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, the hon. member did not give me notice of the question, and it is three years since I had anything to do with the case to which he has referred. I have a fairly clear recollection of it, however, and on the basis of that recollection I should like to answer the hon. member's question and set him right about some of the assumptions he apparently has as the basis of his question.

Mr. DIEFENBAKER: I quoted from the judgment.

Mr. CLAXTON: This case concerns a veteran, Paul Belleau, who suffered a disability resulting from tuberculosis contracted at the end of the first great war. As a veteran he received treatment from the department of pensions and national health for a long period. I think he first came before the narcotics division of that department some time in the nineteen twenties, and some time in the nineteen thirties it was found that he was receiving, through prescriptions from his own physicians, thirty grains of morphine per day which I am advised made him the largest known single user of the 4,000 known addicts in Canada at that time.

The narcotics division of the department of pensions and national health was headed by Colonel Sharman, a man having a widely known reputation throughout the world for having made a great contribution in that field. Being entrusted by the then Minister of Pensions and National Health with the responsibility of the administration of the narcotics act he caused inquiries to be made to see why this huge quantity of morphine was being prescribed for this man. In consequence, over a long period of time, I think stretching up to fifteen years, there were discussions between this man and his doctors and those representing the department as to what could be done. As I say, there is no case of any doctor being allowed to prescribe such a dosage for an addict, at least so far as my information goes.

The officers of the department co-operated with this man's own doctors in working out a plan for his treatment and cure by a reduction of the dosage. On a number of occasions the doctors of the department, or those appointed to represent the department, saw the man's own doctors to work out the details. However, it was found on repeated occasions that the man would not co-operate, and still his doctor and those representing him wanted to obtain these huge doses.

In these circumstances and in consequence of events which took place long before I came into the Department of National Health and Welfare, but for which I am glad to assume responsibility, it was decided on the advice of no less than six or seven doctors, most of whom I saw myself, and after I had examined the record repeatedly, that the requests made by this man through his own physician shall

not be met and that the ten grains per day which he was then receiving and which is a very heavy amount, should not be increased, with the authority of the department. If it were increased it would be confirming the fact that this man was being given morphine by government permission just because he was an addict and for no other reasons.

In those circumstances I refused to authorize that this morphine be given to this addict. When I say "this morphine" I am referring to the colossal dosage. But the officers of the department did co-operate with his own doctor, and I think the dosage was gradually reduced to something in the nature of four grains, which when I last heard of the case he was still receiving. That was done on the advice of his own doctors and in accordance with the terms of the narcotics act and the regulations passed under it.

Then with regard to the question raised in the judgment, the hon. member has surely read the plaintiff's assertions and the claims referred to, possibly in the press and possibly in the judgment. The case did not come to trial on the facts. It was tried on what we in Quebec call a demurrer, a point of law, to see whether there was any case in law to go before the court. The court held that on that point of law the action must be dismissed. The facts have never been brought before the court except in so far as they are asserted in the plaintiff's claim.

The facts are substantially as stated by myself from my memory. Having been entrusted with the responsibility for the administration of the narcotics act, and having regard to the dangerous character of the drugs administered and the possibility of any drugs given in large quantities being used improperly, I believe hon. members would feel that any discretion reposing in the minister who administered that act had been exercised properly on this occasion.

LABOUR CONDITIONS

CANADIAN CAR PLANT AT AMHERST, N.S.—QUESTION AS TO SUPPLY OF SCRAP MATERIAL

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, may I be permitted to direct a question to the parliamentary assistant to the Minister of Reconstruction and Supply (Mr. McIlraith)? I am not by-passing the minister, but I have been dealing with the parliamentary assistant in connection with this matter. My question arises from a telegram received from the director of the steelworkers union. Has the parliamentary assistant or the minister been advised that the Canadian Car plant at Amherst, Nova Scotia, may close permanently because of their inability to secure scrap material? Secondly, can he advise the house why only 165 tons of scrap have been delivered out of the 500 tons promised that plant in February?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): With the permission of the inquirer I refuse to be by-passed. The steel controller was not advised of any shortage of raw material at Amherst until after the plant had been closed down. Inquiries were then made as to why production was not coming from Amherst. We were then advised of a shortage of re-lay rails, which is the raw material for the plant.

Instructions were given that the first 500 tons of re-layers produced at Belleville were to be allocated to the Amherst plant and also that the first 500 tons of re-layers accumulated at Moncton were to be delivered to Amherst. I might say that the Belleville re-layers ordinarily go to Burlington Steel Company but they are diverted to Amherst for the present.

Recent inquiries to the company indicate that while the plant has been closed extensive repairs have been made, and the management state that they have every intention of resuming operations. They report to us that they will in future be able to operate on a more continuous basis than has been the history of the plant previously.

Mr. GILLIS: The plant is actually closed for repairs and not for lack of material?

Mr. HOWE: The fact that no complaint reached the steel controller about lack of raw materials until after the plant had closed down would indicate to me that the plant was probably closed for repairs, or perhaps rebuilding.

Mr. GILLIS: The company is kidding the employees.

BUSINESS OF THE HOUSE

GENEVA AGREEMENT—RESOLUTION UNDER GOVERNMENT NOTICES OF MOTION

On the orders of the day:

Mr. J. H. HARRIS (Danforth): I should like to direct a question to the Minister of Finance. The first item on the order paper under government notices of motion has to do with schedule V to the general agreement of tariffs and trade. When the order paper is cleared of that item we have just one more under the same heading. In the meantime this item has been on the order paper for four and

a half months. I think the Minister of Finance should inform the house why this order, which bears date December 5, is still on the order paper under government notices of motion, and how long it will remain there.

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, I cannot say just when it will be brought forward. I had not contemplated bringing it forward in any case until after the Geneva agreements, which are now before the banking and commerce committee, had proceeded further than they have so far done.

FOREIGN EXCHANGE

INQUIRY AS TO UNITED STATES SUBSIDIARIES IN CANADA

On the orders of the day:

Mr. MAX CAMPBELL (The Battlefords): Mr. Speaker, I wish to direct a question to the Minister of Finance. In view of our foreign exchange situation, can the minister tell the house what amounts of Canadian dollars are being converted into United States dollars by subsidiaries of United States corporations to meet their obligations in the United States?

Hon. DOUGLAS ABBOTT (Minister of Finance): That question, Mr. Speaker, I suggest is one which should be placed on the order paper, as it requires the obtaining of figures. My hon. friend was good enough to give me notice of it, and I have asked that the figures be prepared and hope to give him an answer tomorrow, but I cannot today.

NAILS

REFERENCE TO PRESS REPORT AS TO PRODUCTION

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker. On April 9 the Minister of Reconstruction and Supply said that the production of nails was increasing month by month, but the *Globe and Mail* this morning in its Ottawa Briefs says:

Nail production in February dropped to 5,670 tons—

Mr. SPEAKER: Order: I understood the hon. member was going to put a question.

Mr. FRASER: I am just going to put the question, Mr. Speaker, but will complete the quotation:

—compared with 6,854 the previous month.

I would ask the minister why there is a drop of 1,184 tons in the production of nails in February of this year as compared with January, and what is the prospect of the production being increased. We cannot have houses built for veterans if nail production is dropping.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): One reason for production in February being less than in January is that there are fewer working days in February.

Some hon. MEMBERS: Oh!

Mr. HOWE: My hon. friends, if they will watch production in a 31-day month as against a 28-day month, will see that that is a fact.

Mr. ROSS (Souris): There were twenty-nine days in February this year.

Mr. HOWE: I know, but the short month is the principal reason for the drop in production. The production of nails is limited by the amount of rod that can be supplied from the steel companies. We are stepping up rod production as fast as we can consistent with other demands. Generally speaking there has been a very sharp increase in the output of nails, and generally speaking there is no great shortage of nails in this country, even though it has been found impossible to keep all hardware stores supplied with nails. That is the plain fact. The apparent shortage is a matter of distribution. I know of no project in the country that is being seriously held up for the lack of nails.

Mr. FRASER: I do not agree with the minister's statement that fewer working days in February accounted for the drop in production.

HEALTH INSURANCE

INQUIRY AS TO LEGISLATION AT THE PRESENT SESSION

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, is the Prime Minister yet in a position to answer the question I asked him yesterday, of which I reminded him by notice this morning?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Yes, Mr. Speaker. My hon. friend's question was as to whether health legislation would be introduced at the present session. The question has been under consideration by the cabinet off and on at different times since the beginning of the session. When legislation will be introduced will depend on the progress we make with other legislation now before the house.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. J. H. FERGUSON (Simcoe North): Mr. Speaker, there is a gathering in the city of Ottawa of most distinguished gentlemen from across Canada and may I suggest that the members of the government, if they are sincere in their requests for forgiveness for the gross mismanagement of the country's affairs, might go down there and join that party.

SUPPLY

FREIGHT RATES—INCREASES ORDERED BY TRANSPORT BOARD—AMENDMENT, MR. COLDWELL—SUBAMENDMENT, MR. BRACKEN

The house resumed from Thursday, April 15, consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Coldwell, and the amendment to the amendment of Mr. Bracken.

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, when this debate was adjourned last Thursday evening I was pointing out some of the reasons why the railway companies found it necessary to seek an increase in freight rates in this country. One of the reasons I gave was the overcapitalization of at least the Canadian National Railways, and I cited some very good authority to substantiate my statement. I have one more piece of evidence to offer to the house in further substantiation of my statement, and that is the news report in this morning's papers that the president of the Canadian National Railways said that the Canadian National is paying $44,000,000 in interest charges every year, which is three times the amount of interest charges that the Canadian Pacific has to meet. That in itself is a potent reason why the railways should be revalued, particularly the Canadian National Railways, and written down to their actual cost. Then, as I said before, if there is a debt still due to the bondholders which is properly theirs, let it be serviced and paid by all the people of Canada, not by just some sections of this country.

I also pointed out that one of the results of the judgment of the board of transport commissioners was to increase freight rates not simply by 21 per cent but by over 100 per cent on many small shipments because of the board's ruling that the railways could charge a 75 cents minimum on all less than carload lot shipments of less than 100 pounds. I also pointed out that because of that fact many private concerns in this country were taking advantage of the increase in freight rates to add, for their own profit and benefit, the increased rates to the price of their goods, thus making the order in effect retroactive even though the judgment by no means gave any authority of that kind.

Now I want to give another reason why I think the railways of this country felt called upon to ask for an increase in freight rates, and it is this. There is entirely too much influence on the Canadian freight rate structure by the railroads in the country to the south of us, by our friends of the United States. I think in this as well as in many other matters there is entirely too much influence by Washington and allied interests down there on our whole Canadian economy. These two particular faults that I have mentioned may be laid at the door of all past governments that Canada has had. They do not necessarily have to be laid at the door of the government which is at present in power, although this government must take its full share of the blame. There are others to blame also.

There is one reason, however, why this government should undoubtedly be censured right now for what has taken place. Nowhere in the judgment do I find it stipulated that any single part of the 21 per cent increase in rates was earmarked for an increase in the wages or salaries of workers. When therefore my friends opposite accuse us of trying to prevent the railway workers from getting an increase in wages, they are simply shedding crocodile tears and using specious arguments. Had there been one word in the judgment indicating that a part of the increase was to be used for the purpose I have mentioned, it might have been easier for us to feel kindly, at least to the extent that such an increase was to be given to the workers.

The third reason why it is asked for is something which is directly attributable to this government, and that is the failure of the government to listen to the advice of this party since 1945 when we demanded the continuance of price controls in Canada into the days of peace at the level that had obtained in the days of war. The government refused to follow that course. Three years ago we found they were beginning to release controls, aided and abetted by their common law wife in this house, the Progressive Conservative party, which supports them on all measures of this kind, in the interest and to the profit of their own particular friends throughout the country. The releasing of the controls began at that time, and its continuance up to the present day has been the greatest single factor causing the board of transport commissioners to justify the increase granted.

Had these controls not been released, I am convinced that what has happened would not have happened, or at least it would not have been necessary even from the point of view of the railways.

I am going to suggest that even at this late date, twelve days after the rate went into effect, the government should still reconsider its position and immediately disallow this increase in freight rates. I have much evidence to support my contention, and it should be convincing to the government.

I have here a letter from the Edmonton chamber of commerce. It is a long letter and I will not read it all, but I wish to put on the record one paragraph which sets out their position clearly. It is dated April 13, 1948, and reads in part:

> The chamber has been advocating, and still advocates, the appointment of a commission of the prestige and influence of the Rowell-Sirois commission, because the chamber feels the question of freight rates is the single most important matter facing the Canadian economy at the present time.

Mr. GIBSON (Comox-Alberni): They were reflecting on the transport board?

Mr. BENTLEY: They say in this letter that they are not, and neither am I. I am reflecting on the government, which my hon. and independent friend the member for Comox-Alberni supports on nearly every occasion.

Mr. COLDWELL: And this one.

An hon. MEMBER: Shame.

Mr. BENTLEY: Yes, shame.

Mr. GIBSON (Comox-Alberni): Just enjoy yourself.

Mr. BENTLEY: I have made no reflection on the board. It is not very often that I support chambers of commerce, but in this matter the whole west, and I am speaking as a member from the west, no matter what the political, economic or social views of the people there may be, is in agreement that this increase was unnecessary and unfair. The people there ask, as I do, that a complete investigation be made into the whole matter. I have quoted that paragraph because I believe that a letter from a chamber of commerce has infinitely more effect on my Liberal and Tory friends than letters from any other source that I can think of—even an ecclesiastical source—because that is their greatest god.

I say therefore that the disallowance should be effective right now, even though twelve days have passed since the freight increase went into effect. Even though a good many months have gone by since the release of controls, I say that the government—and this, I assure you, is not coming from any communist source—should immediately reimpose price controls as they have been asked to do so many times by members in this part of the house and by people in many parts of the counrty.

I suggest also, as the chamber of commerce does, a complete investigation into the whole capital structure of the railways until we find out exactly what they are worth intrinsically and what they should charge as capital and fixed charges. With the overcapitalization as it is—and this is backed up by the authorities I have given—who, I ask, can look at a railway statement and determine, for example, whether their depreciation reserves are the proper ones, until we know what the capital figures of these companies actually are? Who can tell whether any of the percentages of their earnings indicate their proper earnings when no one knows exactly what the institutions are worth?

For that reason, and in the interests of and fairness to the country, I believe the government should accept the three recommendations I have mentioned.

May I make one more reference to the Edmonton chamber of commerce. They say that they feel the question of freight rates is "the single most important matter facing the Canadian economy at the present time." I will not say I fully agree with the importance they attach to it as the greatest single factor in the national life of Canada, but it is a great factor and quite in line with the statement made by the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of this party, when he said that it would cause a strain on Canadian relationships if this freight increase went into effect.

The hon. member for Lethbridge (Mr. Blackmore) went further and said the strain would be so great that it was possible it would cause a great rift in our Canadian national unity. The chamber of commerce apparently is rather of the same view. I suggest therefore that the words spoken by hon. member for Rosetown-Biggar and the hon. member for Lethbridge were not idle words. They sprang from the thoughts and the information which we find among the people in the country, who distrust actions of this kind.

If, as I said before, it is necessary for Canada to subsidize railways to some extent, then they should be written down to their proper capitalization, and the extra debt that is to be serviced should be paid back by all the people of Canada, including the two central provinces. It would strengthen the bonds of Canadian unity if such action were taken.

Mr. THOMAS REID (New Westminster): Although I had something to say on the subject of freight rates after the Easter recess, in view of the fact that two want of confidence motions have since been brought before the house, and having regard to the speeches that have been made, I feel it incumbent upon me this afternoon to say something further.

I was a little amused at the remark of the hon. member for Swift Current (Mr. Bentley) when he talked about the common law marriage between Liberals and Conservatives.

Mr. BENTLEY: It is legal out in British Columbia, I admit.

Mr. REID: If it is a common law marriage, the offspring must be the members of that party to which the hon. gentleman belongs.

Mr. KNOWLES: What has the hon. member been doing?

Mr. REID: That is only by the way.

An hon. MEMBER: Oh, oh!

Mr. REID: If the hon. member keeps interrupting I will wait until he stops. I did not interrupt him.

Mr. BENTLEY: Have fun.

Mr. REID: If one cannot be a gentleman, he should at least act like one.

Mr. DEPUTY SPEAKER: Order.

Mr. REID: First of all, I want to make a comment on the want of confidence motion introduced by the leader of the C.C.F. It is like a great many more of the theories propounded by that group. One has only to read the motion to realize that what I am about to say is correct. He says it may be a want of confidence motion, that it may defeat the government, and that if it does, the people of Canada should decide. Will any member of parliament tell me if there is any one particular subject which the people of Canada can decide? One can just imagine a general election on the freight rates issue.

Mr. PROBE: It would be just too bad for you if you had it.

Mr. REID: It is an issue which would principally affect the people of British Columbia, who would speak about it, and perhaps the people of the prairies. But when you came to the provinces of Ontario and Quebec, which have over sixty per cent of the population of Canada, I greatly doubt if freight rates would be an issue at all. How then could the people of Canada settle it? I cannot see the people in Ontario and Quebec voting for the development of British Columbia and the prairies if it meant the moving of the industries from those provinces out to the west. Therefore, in my opinion, what is suggested by the leader of the C.C.F. would not work at all. It is just a lot of theory. It would never work out in practice, because every member of parliament knows that no one can tell exactly what one issue elects or defeats a member. There are so many issues involved in an election that no person can say that this, that or the next thing either elected or defeated him. So I say there is nothing to the contention that the people of Canada would decide the issue. I submit that they would do no such thing.

I am frank to admit that the general freight rates issue—that is, the charges for freight between various provinces and for various distances—is a matter which is somewhat complicated for the House of Commons to decide. Any reasonable-minded member will readily admit that. But I well remember what happened when I brought the plain issue of grain rates before the house. For five years, standing over there in the opposition, I tried to get some redress with regard to grain rates—which was just one issue—from the prairie provinces to British Columbia. I well remember the treatment I received. I was told plainly on every occasion: "Why do you bring this subject into the house?" I was told that by the Conservative government then in office. I was told to take it to the board of transport commissioners. They said, "Do not bring it up here." I was not arguing the general freight rates structure at all. I was arguing one issue and one issue only namely grain rates. I well remember how the vote went when I was voted down. Even the members from British Columbia on the Conservative side actually stood up in their places and voted against me in the year 1935, the vote on that occasion being 45 to 64.

May I also point out this to hon. members. All the decreases which have taken place since 1920 have taken place under a Liberal administration. The one increase, the great 40 per cent increase, took place under a Conservative administration in 1920. I doubt if many members in the central provinces, including even the minister who mentions the mountain differential, is cognizant of the fact that there is no such thing as a mountain differential so far as the Canadian National Railways are concerned. The mountain differential was instituted after the building of the Canadian Pacific into British Columbia.

If one looks into the history of it, he will find that actually a Conservative administration was defeated in the year the railway

began operations. Sir John A. Macdonald's administration was accused in the House of Commons of certain wrongdoing. An election was held and his administration was defeated. Then Sir Alexander Mackenzie came into office. The rates were set after the Canadian Pacific Railway reached the coast. That railway, by the way, chose the longest route to the Pacific coast. I am told that it was chosen on the instructions of Great Britain who at that time wanted the railway to be as far back from the United States border as it was possible to get it. So the C.P.R. chose what was then, and is now, called the Kicking Horse pass route, with a grade through the mountains of 2·5 per cent.

Realizing that the company had some difficulties in building that railway, the government of that day gave them 50,000,000 acres of land and also, I believe, $100 million in cash. The people of British Columbia, who were assured of equal treatment if they joined confederation, thought that the 50,000,000 acres of land and the $100 million would pay for any difficulties the railway might have in going to the coast through the mountains. But the C.P.R. started out in dictatorial manner and they were at that time the lords of creation because they were alone. Therefore the people in the province of British Columbia set out to have a competitor, and commenced the construction of a railway, called the Canadian Northern, from the coast to the prairies. That railway came through what is known as the Yellowhead pass. The grade on that railway is the lowest in the entire dominion, being 0·7 per cent. There is no grade on any other line, right from New Westminster and Vancouver to the prairies, that is as low as that of the Canadian National. I think it is not generally understood by many people, no matter how often we have told them, that there is no mountain differential in so far as grade is concerned. It exists only in the matter of rates.

But what happened? Just when we had the competitor railway built and ready to begin operations, the dominion government at one fell swoop took in the Canadian Northern Railway under the Railway Act. So the rates on the Canadian Northern became subject to the dominion Railway Act of that day, and the railway freight rates of those days were those of the C.P.R. From that day to this we have been paying the exorbitant rates charged by the C.P.R. Ever since then the C.P.R. have dominated, right through the piece.

[Mr. Reid.]

I made a statement in this house in 1931, and I was greatly surprised to see that the statement was never mentioned in the press. When I introduced my motion in the house in 1931, I was interviewed by a high official of the C.P.R., who almost threatened me if I did not withdraw the motion. I made the charge in the House of Commons, but although I looked in the papers afterwards, I found no mention whatsoever of my having been intimidated by the C.P.R. official. From that day to this I have noticed that on almost every occasion when I and other members have mentioned anything derogatory to or in criticism of the C.P.R., many of the leading papers have been silent on the subject.

I will go further than that. I ask hon. members to look back in the records of the press when a train wreck has occurred, either on the Canadian Pacific or the Canadian National. They will find that when the wreck is on the Canadian National, it is blazoned across the page in big letters, but when a wreck takes place on the C.P.R., it is in small print, and one must look for it. I do not know why that is. I merely mention that to hon. members in order to support the contention I have made that, in so far as the railways in this country are concerned, the entire situation has been and is being dominated to quite an extent by the Canadian Pacific Railway.

When I fought the freight rates on grain at that time—and I am not going into that question this afternoon—I pointed out such instances as this. They were carrying grain, as I think they still do, 2,239 miles from the west to Montreal for 53 cents per hundred pounds. From Calgary to Vancouver, 642 miles, the cost was 41½ cents per hundred pounds. There was no comparison at all. Bear in mind we are the only province in which grain has been designated in two ways. If the grain is going abroad from the prairies it is carried at something like 21½ cents per hundred pounds. If the grain is to be consumed within the province, at that time they were charging 41½ cents, but after importuning the government for four or five years the railways reduced the rate to 30 cents per hundred pounds.

I well remember those days, when I produced the figures and papers in the house showing that we in British Columbia could buy in 1934 Canadian grain in China and bring it back to the Pacific coast for less than we could buy it on the prairies and haul it to British Columbia at the 41½ cent rate. It was startling. All through the years we have been endeavouring to secure the removal of this differential, but without result.

When the minister spoke on Tuesday, April 13, he mentioned that counsel for British Columbia and the other provinces had plainly stated that the recent application before the board was not for the removal of the differential. That is perfectly true; but if he had read the complete statement he would have seen that counsel said what British Columbia was complaining about was the 21 per cent increase on top of the present freight rates into that province; and that is the chief ground of our complaint. Anyone who has sat in the railway committee and listened to the financial statement of the Canadian National Railways being discussed; anyone who has heard, as we were told in the house the other day, that the deficit is expected to be well over $15,000,000, cannot help but be struck by the enormity of the problem. But except for a statement in respect to the capitalization of the C.N.R. I have not heard any member of that committee, no matter on which side of the house he sits, suggest to the railways how they can earn profits which will enable them to carry on, with the present high cost of materials and wages and the falling passenger traffic. It is a situation that has to be faced, and I am frank in saying that I for one have at present no permanent solution to offer at the moment. But I am going to offer one or two suggestions of which I trust the minister will take note.

With the surplus in the treasury we will have this year, I think the government might very well cut out the tax of 15 per cent on transportation. Perhaps that would not amount to a great deal, but I think it would mean between six and seven million dollars a year to the two railways. In my opinion there is no reason now for the transportation tax to continue to be imposed, because it was put into effect as a war measure and in my view is not required now.

In his speech the minister said there had been no appeals to the board of transport commissioners since 1927. That is perfectly true with respect to general freight rates, but there is a reason for that. British Columbia has spent huge sums of money and put forth every possible effort before the board to have the discrimination removed, all to no avail. As one who has appeared before the board of transport commissioners fighting the grain and freight rates question, I know one is immediately confronted with the statement that you are not introducing any new argument into the argument, and that therefore the judgments given in the past must stand. Realizing this, British Columbia has been slow to bring forward any further appeal to the board of transport commissioners since 1927, not only because such an appeal entails great expense, but also because they are sure to be met with the argument, "Well, we have heard all that; the judgment has been given in 1927, and we cannot go back on it." I know that is what I was met with when I appeared before the board; that is what I was told. The board simply said, "We have heard all that evidence. Nothing new has been introduced; therefore we are standing by the judgment given in previous days."

I think it only fair to point out to hon. members that the railway into British Columbia was built at less cost than were many portions of railway in Quebec, the prairies and Ontario. It has been shown in evidence that construction costs were less, and pusher-mile expenditures are less. As a matter of fact I am told it sometimes takes three pusher engines to bring an ordinary freight into Fort William. The Canadian National can haul up to three times more, from Vancouver and New Westminster to Edmonton, than the Canadian Pacific, with the same class or type of locomotive; but while all this evidence was placed before the board—and I use the word "evidence" advisedly—it was of no avail.

I say to the minister that in view of the present situation; in view of the fact that there are areas and districts in Canada suffering an undue burden; in view of the fact also that we in British Columbia will have to pay more than people in the other provinces because our present rates are higher and the increase of 21 per cent therefore means a greater increase to us, we are asking that something be done once and for all to remove the gross injustice and the extra load we have been carrying as compared with the other provinces. I suggest to the minister that he designate at least three if not four areas in Canada, recognizing that there are long stretches with very little population where the cost to the railways must be higher because they do not pick up any freight, and that these areas be equalized so far as rates are concerned, with the country as a whole paying the difference.

After all it is a national affair, a national responsibility. As has been pointed out, we in British Columbia came into confederation with the understanding that with respect to railways and rates we would receive equal treatment with the other provinces. That has not been carried out.

Mr. MacNICOL: I may have misunderstood the hon. member, but did he say that in this equalization the railways should pay the difference? I have heard it suggested that in

those unpopulated stretches the country should pay the difference, and I am in favour of that.

Mr. REID: No, I am not in favour of the railways paying it. I say the nation should pay it. If I said it should be paid by the railways I want to correct that statement.

Mr. MacNICOL: That is what you did say.

Mr. REID: I am very glad my hon. friend drew the matter to my attention. The country should pay the difference, because it is a national affair and not a provincial or local matter.

In conclusion let me ask the minister if, when he speaks again, he will give the assurance to the house that the request of the government that the board investigate and examine discrimination in freight rates be not only a request but a directive so to do.

It may surprise many members to know that in the Railway Act discrimination is allowed. If one looks through the judgments of the board of transport commissioners he will find all the way through that they do allow discrimination. But when it comes to the matter of unjust discrimination, that of course is their responsibility. Anyone who makes an appeal to the board will find great difficulty in proving to the board that a discrimination is unjust.

What makes me somewhat perturbed with the minister's direction to the board is this, as it is found at page 48 of the judgment:

> Mere mileage comparisons do not afford criteria of discrimination; but all facts material must be given weight.

In other words under the body of regulations which have developed under the Railway Act, mileage is not the rigid yardstick of discrimination. Discrimination, in the sense in which it is forbidden by the Railway Act, is a matter of fact to be determined by the board. It will be found by anyone who will take the trouble to read the judgments that, contrary to popular belief, discrimination is allowed by the board of transport commissioners; this is done under the Railway Act.

What we have claimed and what we maintain is that the discrimination against British Columbia is unjust, and that no evidence can be or has ever been produced to show that it costs more to haul a pound or a ton of freight to British Columbia than to haul it to any other part of Canada. As a matter of fact when counsel for the Canadian Pacific was asked what it cost to haul any article, he admitted in evidence that no expert could tell just how much it cost to haul an article over any given distance of the railway.

[Mr. MacNicol.]

Mr. CASE: Is the hon. member arguing against the increase in rates, or for equalization?

Mr. REID: I am arguing at the present time that the increase of 21 per cent has placed a heavier load on the people of British Columbia than upon those of any other province. That is my argument today. I am asking and pleading with the minister that he give a directive to the board of transport commissioners—not merely a request to look into the matter of the different rates and of discrimination but to give them a directive to remove and to equalize rates, payable if need be from the treasury to the railways, and to make up any deficits incurred by them in that way.

I close with that request to the minister—to my mind a reasonable one. I could have taken more time to discuss the different rates, but I realize much has already been placed on the record, and realize also that the House of Commons is not always the best place in which to discuss the numerous differences in rates. When I discussed the matter during the years I was in opposition I did so with only one thought in mind, and that had to do with grain rates from the prairie provinces. British Columbia is the only province having a differential in grain going west. Grain going east carries only one rate, whereas on grain going west it is designated either as export or domestic. If it is domestic we pay fifty per cent more as freight than do the people abroad.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I rise to speak mainly with respect to one aspect of the question before us. Therefore my remarks on the general situation will be brief; for, after all, the broad picture has been well covered throughout the course of the debate.

As the hon. member who has just taken his seat pointed out, what members from the west and from the maritime provinces object to is that the discrimination already in effect has been heightened and aggravated by the 21 per cent order. It has been pointed out from all sides of the house that this has an inflationary effect on the cost of living, and that it also increases the inequalities which already exist among the different sections of the country.

I must say I felt one of the most ridiculous statements made thus far in the debate was that made by the hon. member for Springfield (Mr. Sinnott) when on April 14, as reported at page 2964 of *Hansard,* he said:

> I stand here as a dominion member, not acting for my own constituency; I am acting in as fair a manner as I can for the whole of Canada.

Taken by itself, that sounds like a high principled statement. But when it is applied to the fact that we have this inequality as between different sections of Canada, for a member to stand in his place and say that he is condoning—

Mr. SINNOTT: Read on farther.

Mr. KNOWLES: If I had the time I would, but it would make it look worse. The hon. member knows that what he has done is simply to accept the decision of the government to condone the aggravation of discriminations and inequalities already existing.

I join with members from seven provinces of Canada, both east and west, in expressing the view that we are not seeking to stir up conflict between different sections of Canada. What we are asking is that inequalities which are the cause of potential conflict be removed. A few days ago when the Minister of Trade and Commerce (Mr. Howe) was asked on the orders of the day a question about the implementing of the oats and barley provision in another act, he replied that the governments of two provinces had expressed their opposition to these provisions, and made the assumption that those governments therefore spoke for the people of those two provinces. I doubt that; but I suggest to the government that, if that principle is to be applied, then surely the time to apply it is now, when the premiers and the governments of seven provinces have expressed their views with respect to this matter. As others have done, I call the attention of the government to the fact that Liberal newspapers in various parts of Canada, strongly supporting the government, have criticized the government mercilessly for its action on this matter. I hope that even yet the government will change its position and pay heed to the requests of the premiers of the seven provinces for action which will lead to more unity in this country.

When I rose to my feet I indicated that in the main I wished to direct my remarks to only one phase of the matter. I refer to railway wage rates. Let me say at the outset that I decry as strongly as I can the way in which the wage question has been mixed into this freight rates issue. Let me state clearly that I recognize, as everyone must, that the wages the railways can pay must have a relationship to the revenues of those railways. But that does not justify mixing up the present request of the employees for increased wages with this particular way of getting more revenue for the railways, namely by an over-all 21 per cent increase. As my colleague, the hon. member for Swift Current (Mr. Bentley), has already pointed out, the tears that have been shed in this house with respect to the workers and their request for increased wages strike us as being crocodile tears indeed.

Mr. GARDINER: Mr. Mosher did that.

Mr. KNOWLES: Not at all, but the Minister of Transport (Mr. Chevrier) certainly indulged in crocodile tears the other day. I submit that when some of us have called upon that same minister to do something about the pension rights of Canadian National employees he has found excuses for taking no action along that line.

Mr. CHEVRIER: The hon. gentleman knows full well that the question of pensions for the employees of the Canadian National Railways is one which is governed by the administration of the railway and not by the minister. The hon. member should not make the statement which he has just made and which creates the inference that it is one for the minister to decide.

An hon. MEMBER: He is full of that.

Mr. KNOWLES: The minister recently found it possible to deal with that matter on the floor of this house and to defend the action of the government and say that it was his view that he should not take any action to seek an increase in the pensions of Canadian National employees in view of the fact that his colleague, the Minister of Finance (Mr. Abbott), had taken that view with respect to superannuated civil servants.

Mr. CHEVRIER: The hon. member had better read the speech.

Mr. KNOWLES: I certainly did read it; I read it again in preparation for these remarks. Similarly the Minister of Labour (Mr. Mitchell) has indicated solicitude on his part for the railroad workers, but I would remind the house of the struggle we have had through the years to try to get the Minister of Labour to take proper action in connection with the pension rights of Canadian Pacific employees.

Mr. CHEVRIER: I think the record will show who did the most for the railroad workers as far as parties go.

Mr. KNOWLES: The record certainly shows that in 1945 the Minister of Labour appointed an investigator to find out whether a royal commission should be appointed to look into this matter. When that investigator reported back in precise language that a royal commission should be appointed the

Minister of Labour refused to carry out that recommendation. So I submit that the tears which have been shed in the house over the workers on these railways are indeed crocodile tears.

As to this whole question of the relationship, which I contend does not exist, between the present demands of the workers for increased wages and the demand of the companies for increased freight rates, I should like to quote from documents that I have before me at the present time. I have here a copy of a brief submitted on behalf of a long list of railway employee organizations to the conciliation board in support of their request for an increase of thirty-five cents an hour in the basic rates of pay. The document which I have in my hand was submitted by employee organizations mainly connected with the Canadian Pacific Railway. I also have a brief submitted by the Canadian brotherhood of railway employees whose members are employed by the Canadian National Railways.

I feel that these employees made out a strong case for these increases. They made a good case with respect to the employees in the so-called upper brackets by comparing their wages with the wages received by employees in other similar lines of endeavour, but they made an even stronger case by pointing out that there are thousands of employees on the railroads who are not in the upper brackets. In particular I would refer to the information to be found on pages 42 and 43 of this brief where reference is made to the large number of labourers and freight handlers getting as low as seventy-six cents a hour and, in some cases, only sixty-seven cents an hour.

Many of these employees have been in the service of their company for a long time, and at the same time they see advertisements by other plants for unskilled employment at rates of 87½ cents, 95 cents an hour and so on. The details are set out in the brief. The point I am making at this moment is that I support wholeheartedly the contention of the railway employees that an increase is coming to them and should be granted without delay. In my view they made an excellent case when they appeared before the conciliation board.

Mr. CHEVRIER: I wonder if we could have some order in this debate? The hon. gentleman is now discussing a matter which in my opinion, and with deference to you, sir, is outside the scope of this debate. He did start to discuss a matter which I think was in order, but he is now going into the railway wage rates and making attacks on the Canadian National Railways because of the wages they pay certain of their employees. I am not objecting to that if the hon. member wants to do it, but this is not the place to do it. This is a debate on a specific question, and I submit to you, sir, with deference that the hon. member should direct his remarks to the debate.

Mr. KNOWLES: Mr. Speaker, I would point out that it was the minister himself who brought into this debate the question of wage rates. I feel that I have just as much right to answer him as he had to bring up the question.

Mr. CHEVRIER: I am not going to allow the hon. gentleman to get away with a statement like that. Today he has been putting on *Hansard* several statements which are erroneous. Any remarks which I made did not deal with specific cases such as the hon. gentleman has referred to; they dealt with the general case. I do not think the hon. gentleman wants to say that I did otherwise, but if he does I shall take issue with him.

Mr. KNOWLES: I should like to know the facts which I am putting on the record which the minister regards as being erroneous. I have quoted from a brief presented to the conciliation board by the railway employee organizations. However I had finished with that point when the minister interrupted and I was moving on to another point with which he may also take issue.

Mr. CHEVRIER: Let us get on with the debate if you do not mind.

Mr. KNOWLES: Apparently what I am saying is hitting the minister.

Mr. CHEVRIER: It is drawing a red herring across the trail.

An hon. MEMBER: Let us get on with the debate.

Mr. KNOWLES: I think the Minister of Transport is the last one to talk about a red herring in this debate, especially after the performance in which he indulged the other day.

Mr. CHEVRIER: If you would listen to your own leader over the radio you would see what red herrings are being drawn across the trail.

Mr. KNOWLES: May I turn to another phase of this question? I submit that this matter will be in order, although the Minister of Transport may not like it. The railway employee organizations took up fifteen pages of the brief to which I have referred in order to point out that their request for increased wages must not be regarded as being con-

tingent upon increased freight rates. They made out that case along the lines I indicated a few moments ago. They admit that the companies have to have sufficient revenue to meet their costs, but they contend that such wage increases as they demand should not depend upon another question altogether, such as the economic structure of transportation costs in this country. May I quote a sentence or two from this brief in order to sum up the position that they take in connection with this matter? I quote from pages 57 and 58 as follows:

The employees do not think that compliance with their request should be contingent on the railways getting increased freight rates. Their position in this particular is the same as it was before the national war labour board in the Canadian Pacific et al wage case of 1946, which received the support of the board. Again we refer you to the board's "Reasons for decision," the references therein to the "enormous increases" in the company's earnings over the 1939-1945 period, its considerable increase in total assets and reserves, the improvement in the liquid position of the company, its reduction in funded indebtedness and fixed charges; the board's view that it was not required to estimate the future earnings of the companies involved in the case, and finally, ". . . we hold that the companies, respondents in this case, are able financially to pay."

Those sentences are taken from near the end of about fifteen pages in the brief presented by the employees' organization, in which they contend that their request for wage increases had no reference to the demand for freight rate increases and must not be made contingent upon them in any way. In this the companies appear to have agreed, for in the statement of the railways presented to the conciliation board with reference to the same matter, there are on pages 78 and 79 some four or five paragraphs, 209, 210, 211 and 212, which deal with this same matter, and in which the companies made it clear that, even if they were to get the freight rate increase which they were seeking, not one cent of it would be available for wage increases. Let me read a sentence or two from the statement of the railways to which I have referred. At page 79 they say:

The fact is here emphasized that the current application was intended only to afford relief from added costs of operation arising out of wage and price increases which had taken place up to the time the application was made in October, 1946. This application—

That is the application for a freight rate increase.

—could not be based on speculation as to possible further increases in costs—

I ask hon. members to note this:

—and any relief which may be granted—

That is by way of a freight rate increase.

—will not be available to meet such possible future costs, but only those which had already been imposed on the railways at the time of the application.

There, Mr. Speaker, you have it from both sides to the wage issue—the employees contending that their wage increases should not be contingent on any freight rate increase, and the companies saying that so far as they are concerned, even if they were to get the freight rate increase, which in part has now been granted to them, not one cent of it would be available to the employees for increased wages. In the light of that, I submit that this whole business of the wage demands of the employees, which as I have already pointed out are eminently justified, should not have been related to this freight rate question. I make it clear again that I am not denying for a moment that the companies must have sufficient revenues to meet their costs, including their wage costs; but, as other speakers have pointed out throughout this debate, to admit that the companies need increased revenue does not require that you condone this unequal and discriminatory way of giving them that increased revenue. Actually some of us are not convinced, and I think my colleague the hon. member for Winnipeg North (Mr. Stewart) made this point effectively the other night, that the Canadian Pacific Railway Company do need the increase for which they asked.

I note in the annual statement of the Canadian Pacific Railway Company for the year 1947 that their principal complaint to their shareholders is not that their net earnings, in absolute terms, were too low. Their net earnings for 1947 were $22,892,189, which was a higher figure than in a good many earlier years. Their only complaint is that their net earnings, in their view, bore too low a ratio to their gross earnings, that ratio being only 7·2 per cent.

In connection with this company's net earnings, may I point out that on the basis of 1947 earnings the company declared for payment total dividends amounting to $21,307,682. This information is found at page 7 of the Canadian Pacific Railway Company's annual report. Also from that report and likewise from sessional paper 125A, of April 12, 1948, information can be had as to where the stocks of the Canadian Pacific Railway Company are held. The preference stock is divided as follows: only ·51 per cent is held in Canada, but 99·49 per cent is held outside Canada. Of the ordinary stock, 13·58 per cent is held in Canada and 86·42 per cent outside Canada.

I may say in passing that during the war there was a considerable movement in the ordinary stock of the company away from the United Kingdom to the United States, with the result that at the end of the war the amount of the ordinary stock of the company held in Canada and in the United Kingdom had been considerably reduced and the amount held in the United States had been considerably increased. The result of this distribution of the stock as between Canada and other countries means that the $21,307,682 paid out in dividends from 1947 earnings went this way: $2,297,895 was paid within Canada, and against that figure has to be set the fact that $19,009,787 was paid to shareholders outside Canada.

We are not convinced, in the face of that, that the Canadian Pacific Railway Company really need the increased revenues which they seek in order to pay the just wage demands of their employees. If increased revenues are needed by the Canadian Pacific and the Canadian National to meet these wage demands, which I insist every member of this house should support, those revenues should be found in other ways, by making a charge on the consolidated revenue fund and by carrying out some of the suggestions that have been made by speakers on all sides of the house aiming at, not increasing the difficulties and inequalities in the freight rate structure, but removing them with the hope of achieving national unity and a much more balanced economy for all our people.

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, the very vigour of this debate must have forcefully brought to the attention of the government the necessity for making a vigorous effort to try to heal this ancient wound which has caused so much unhappiness all across Canada. I am particularly pleased that the members of this house who come from the two great central provinces have spoken and acted in a generous manner. I think that should indicate to the government that, should legislation be brought into the house which would have the tendency of equalizing the present discriminations, it would have the support of hon. members from the two large central provinces.

I feel, too, that there is some justification for the feeling among hon. members from the maritimes and the western provinces that this 21 per cent increase all across the board, increasing as it does the discriminations already in existence, could possibly have been handled in a more equitable manner. However I have the feeling that the present situation will not last for very long, although I expect it will last after the vote tonight.

As to the necessity for and the justification of these freight rate increases, it would appear to me that in all fairness we should consider the prices of the two great products that we ship from British Columbia, lumber and fish. In 1939 the price of lumber was $20 a thousand and it is now $60. In 1939 salmon was worth $4 a case and it is now worth $12. It would seem to me therefore only reasonable and fair that the freight charges on these products should bear some relationship to the vastly increased values of these products, and I do not think the people of British Columbia in these particular industries would wish to have the workers in the railroad industry sharing the burden of low wages and being taken advantage of in this respect.

I was grateful that during the war the Panama canal route was still kept in effect by the board of transport commissioners, although actually there were no ships available to carry freight via water from the Atlantic coast to the Pacific coast. We have always enjoyed these advantages in British Columbia of having a competitive rate through the Panama canal.

In British Columbia we have been brought up since childhood to feel that we have been unjustly dealt with. I well remember hearing as a child of the exploits of the late Senator McGeer in presenting the case of our province to the board of transport commissioners. I have a feeling that probably we shall get somewhere on this equalization question; but, as regards the suggestion that the imposition of the increases be deferred for thirty days in order to allow the provincial premiers to come here and make representations, I submit that, while on the surface that seems plausible, it does not appear to me to be possible that results will be obtained. The provincial premiers are not experts on freight rates, nor are they familiar with all the ramifications of the freight rate structure, and I do not think that coming here and spending two or three days presenting the case to the cabinet would justify the cabinet in setting aside the judicial decision of an expert board who have been considering the question for eighteen months.

The cabinet are able men; but, after all, freight rates are a most complicated question, and it would be too much to expect that the cabinet should set aside a decision of this kind made by so responsible a body. I am actually surprised to hear hon. gentlemen in this house talking, as we have heard recently, about human rights and fundamental freedoms, and nevertheless suggesting that the

cabinet should set aside the findings of the board of transport commissioners in this matter.

The amendment of the C.C.F., proposing non-confidence in the government, was obviously conceived in great haste and I think it is being repented at leisure. I am sure it must have been a most difficult decision for the C.C.F. party to make. Here they are trying to serve two masters, as it were—

Mr. MacINNIS: Aren't you doing the same thing?

Mr. GIBSON (Comox-Alberni): —the farmers on the prairies and the workers on the railways.

Mr. MacINNIS: Which group are you supporting?

Mr. GIBSON (Comox-Alberni): I have great interest in the welfare of both groups—

Mr. MacINNIS: So have we.

Mr. GIBSON (Comox-Alberni): —but there are hon. gentlemen of the cloth on the other side—my hon. friends have a number of them —and these hon. gentlemen should have told them that one of the oldest precepts in human relationships is that a man cannot serve two masters. I do not know whether they consider in this case it is two servants instead of two masters. That is quite possible. It must have been a difficult decision for them to make among themselves, as to which one they would repudiate, because, after all, some of them come from rural ridings, while a great number of them come from urban centres.

Mr. MacINNIS: Would not the Liberal party, which my hon. friend supports, be in the same predicament?

Mr. CRUICKSHANK: Let him make his speech.

Mr. GIBSON (Comox-Alberni): The farmers of Saskatchewan, where they have a trial C.C.F. government, would be very much concerned by the attitude of my hon. friend.

Mr. KNOWLES: What kind of government do you feel Saskatchewan should have?

Mr. GIBSON (Comox-Alberni): Saskatchewan may feel justified in taking a chance on an experiment, but I would not take that chance myself. Out there the people are used to the vagaries of the weather, and one bad government out there might not be very much worse than a bad hailstorm.

Mr. BRYCE: You are sitting on the fence. You have not the courage to take either side.

Mr. DEPUTY SPEAKER: I must remind hon. members that the question before the house at the moment is freight rates and not the governments of the provinces.

Mr. GIBSON (Comox-Alberni): Thank you, Mr. Speaker. I can just imagine the C.C.F. sitting around the caucus room up there wondering what the decision should be, like Belshazzar when he saw the writing on the wall.

Mr. MacINNIS: How did he feel?

Mr. GIBSON (Comox-Alberni): In this particular case there was no writing on the wall. Probably it was the long shadow of the pick handle, to use a phrase I often hear from my genial friend the hon. member for Skeena (Mr. Archibald). They must have wondered if they had not better be careful, lest they should have to go back to the outside life, being no longer members of parliament after another election.

Mrs. STRUM: Speak for yourself.

Mr. GIBSON (Comox-Alberni): I am sure $6,000 a year is much more difficult to earn in outside occupations out there where you have to use both your head and your hands. I do not expect the C.C.F. to be practical and to give heed to practical suggestions, but I think the Progressive Conservatives over there are sound, hard-headed businessmen and one can appeal to them. They are more interested in results than they are in any transitory political coup that might come from the subamendment they have moved. I am sure the Progressive Conservative subamendment has been motivated by a desire to do a service to the people of Canada, and on this assumption I would make a proposal to them. The government has promised to make a full investigation into these freight rates differentials in Canada. Do they not think that by some happy chance, about a year from now, probably before a general election, the board of transport commissioners might bring down a favourable finding in regard to these freight rates? I think it would be a wonderful time to do so.

I myself am not interested in the political factors.

An hon. MEMBER: Just in the election.

Mr. MacINNIS: You will be all right whichever side wins.

Mr. GIBSON (Comox-Alberni): I am interested in an equalization of freight rates in Canada. I know my hon. friend is not interested in anything but the political angle, but I say to him, "Don't assume that every

member of the House of Commons feels as you do." That would be a most unfortunate attitude to take.

Mr. MacINNIS: That is an assumption we should both bear in mind if we can.

Mr. GIBSON (Comox-Alberni): If we could keep this government in power a year—I do not think my hon. friends want to defeat them tonight—

An hon. MEMBER: We will vote against them.

Mr. GIBSON (Comox-Alberni): I think it would be well if some of my hon. friends went to the hockey game tonight. They would not have to vote. In a year's time, we may have every reason to expect the board of transport commissioners to bring in a favourable decision on the appeal which the government is asking them to consider now.

Mr. R. R. KNIGHT (Saskatoon City): Mr. Speaker, I am conscious that most of the things that can be said on freight rates in this house have already been said. It is my business, then, more or less to subscribe to those things that have been said by the members of my party. The last speaker had something to say about our support of labour and of farmers. He said, What would you do if you had to support both sides in this particular issue? As one who represents an area both rural and urban, I am one of those in the happy position of having to serve two masters, and I hope to serve them well. I see nothing incompatible, by the way, in so doing.

I want to say one or two things in the general argument. In the first place, I am not convinced that the railroads have made a telling argument that would convince people that they are for the moment in need of any extra money. When we are discussing wages, I might say that I think it would be quite possible for both these companies to pay adequate wages for at least two years without having any additional revenue.

I could give the house some of the point of view of the west, and of the press in the west, particularly that press which supports the government in power, as the press mostly does. I have a clipping or two here. I do not know whether or not I shall use them. I might use a heading or two. Here is one heading:

C.P.R. added $21,000,000 to its reserves, reduced funded debt.

Mr. CRUICKSHANK: Shame.

Mr. KNIGHT: The first paragraph reads:

A $21,000,000 increase in reserves and a $10,000,000 drop in funded debt are shown in the general balance sheet of the Canadian Pacific railway for the year ended December 31, 1946.

[Mr. Gibson (Comox-Alberni).]

And so forth. Another paragraph reads in part:

Increases are shown in holdings of government bonds and in inventory of material and supplies.

And so it goes. Another paragraph reads:

Funded debt is shown as having been reduced from $93,669,000 in 1945 to $83,565,000 as at December 31 last.

That is at December 31, 1946. And so the story goes in general.

Then there is the Canadian National Railways. We know, of course, what is the matter with it. It is that business of its capital structure, an investigation into which is long overdue and, following investigation, something in the way of a remedy. I do not think the nationally owned road should be perpetually kept in the kitchen as a Cinderella to the richer sister, the Canadian Pacific railway, where it can be constantly used as an argument why the C.P.R. shareholders should have more and fatter dividends.

I have already said that there has been some concern about the wage scale. I think my colleague the hon. member for Winnipeg North Centre (Mr. Knowles) has adequately dealt with that. He has shown, and quoted from a statement which shows it, that the railroads had no intention of using any of the increase in rates which is now being sought for the purpose of increasing wages. If I were convinced, of course, that the wage scale would suffer through lack of revenue, I would be in favour of the railways having more money. But if I were in favour of the railroads having more money, I would favour their having it through equalization of rates and the bringing up of freight rates in the places where they are low, rather than through the imposition of an increase in freight rates where freight rates are at present high. The way to do this is not by a horizontal raise, such as has now been granted. Everyone knows that if discrimination existed with the rates as they were a couple of weeks ago, that discrimination has been increased by the increase across the board.

I think what this all adds up to is that it is one of the three great things which constitute a method by which western wealth is transferred into central Canada coffers. One of them is tariffs; another is profits upon western businesses which have their central offices in central Canada, where that wealth is taxed and used for the benefit of those central provinces. This addition to the freight rates is the third thing.

I think no one in this house has denied the fact of discrimination. I do not think I shall argue that point. Everybody knows it

exists. I hope my friend the hon. member for Comox-Alberni (Mr. Gibson) is correct when he says he hopes—and I do not know where he gets his information—that this thing will be levelled out.

Mr. GIBSON (Comox-Alberni): A government source.

Mr. KNIGHT: May I suggest that that promise is one by which the government purchased the acquiescence of our rebellious friends on the other side and whipped them back into line.

Mr. MacINNIS: Where are these rebellious friends on the other side?

Mr. KNIGHT: Oh, they are not rebellious any more.

Mr. MICHAUD: They never were.

Mr. KNIGHT: I am suggesting that the reason they are not rebellious any more is that they have been promised the very thing which the hon. member for Comox-Alberni has just suggested. I hope that is true. If so, the hon. member for Rosetown-Biggar (Mr. Coldwell) will have done a considerable service to this country in bringing the matter before this country and before this house in a way that it will have to be voted on at the present time.

There is one thing that I am glad about in this discussion, and that is that the increased discrimination and the increased freight rates will bring extra attention to the cheaper haul through Churchill and the Hudson bay route. If there was a need before of the cheaper rates of the Hudson bay route and the shorter haul, there will be a greater need now. I draw that to the attention of the minister. It was with a great deal of satisfaction that I noticed the other day that the ocean rate to Churchill had been cut; that is to say, contract ocean freight rates from British ports to Churchill will now be the same as those applying on the Britain to Montreal route. That will be a source of tremendous satisfaction to the people in my district.

Here and now I should like to pay tribute to those men who, for years and years, have devoted their time, energy and, in some cases, their money, to the bringing about of that very end. Particular credit should perhaps go to the Hudson bay route association and to its secretary, a man who now unfortunately is somewhat broken in health, but who has worked hard and long to produce what has now come about. I hope to see trade extended through the Hudson bay route and the port of Churchill. I have reason to believe it will be extended through the very imposition of these extra rates. This ill wind may blow some good in that direction.

Much has been said here about the freight rates in Ontario and Quebec being favourable, on account of road and water competition. I think this matter of competition by road is something that the railroads must ultimately face. They are facing it now but they are not solving it; they are giving way before it. So we have the discrimination of which we complain. I say that the way to solve that problem is not to have your road haulage in competition with your railroads but to have it supplemental to your rail transportation. I would point out to my Conservative friends on my right that, in the only place in the world I know of where a Conservative government still exists—outside of Ontario—and that is in my native Northern Ireland, in spite of the fact that a Conservative government is in power, there is a perfect example of socialization of the means of transportation. A few years ago their railroads were faced with bankruptcy. The rails were getting rusty on top for want of use. That government did not stick out its Tory chest and say, We refuse to have anything to do with nationalization; that is socialism. On the contrary, they got down to business and put their truckage, their road transportation, and their railroad system on an equal and combined basis. You can now interchange a ticket on the railroad for a ticket on the bus as easily as you can interchange an Ottawa streetcar ticket for a bus ticket. All transport in that country is handled by the government agency; and that is under a Tory government, which apparently is not as Tory as it sounds.

That is a problem which will have to be faced in this country, I think; because everyone who has any sense knows that where you have good roads, a large population and mobility for trucks, the railways cannot possibly compete, because the truck can pull up to the back door of a warehouse and go anywhere, which the train cannot do. The only way the railway has a chance of competing with road transport is over the long haul such as we have, for instance, in northern Ontario.

I might add a word or two about my own city to show how the increase in freight rates affects it and the district it serves. Our geographical position makes us a wholesaling city, from which goods are sent to all the towns contiguous to it. This freight rate increase is a considerable blow to us. Of course it will bring about an increase in the

cost of living. Some people say that in its ultimate impact upon the consumer this 21 per cent will amount to perhaps 50 per cent after goods go through the hands of the various people who must handle them. Of course I do not mean an increase of 50 per cent in the cost of living, but 50 per cent in that cost to the extent that it is effected by freight rates.

It is a source of satisfaction to the western farmer that grain rates are not affected, but the other day in the house I made a discovery which may mean that things are not quite as good as they seem. The rumour is that the railways are holding that increases can be made in connection with back hauls and out-of-line hauls, while the rates for regular hauls remain the same. As I understood it, the whole grain freight rate structure on the prairies was to be left unchanged, and surely back hauls and out-of-line hauls are part of that structure. As such I believe they are outside the scope of this order and should remain untouched.

I blame the government for its ready and cheerful acceptance, and its immediate imposition, of this award by the board of transport commissioners. I blame the government for its refusal to intervene. When Premier Douglas and the premiers of the other provinces who oppose this increase applied to the dominion government in a proper and civil manner to have the heavy increase withheld until such time as they had an opportunity to present their case, they were justified in doing so, and I do not think the dominion government was justified in the refusal in which it persisted. I have a clipping here from the Saskatoon *Star-Phoenix* giving the comment of Premier Douglas on this refusal:

> There could be no possible harm in withholding the imposition of the new rates until the provinces had an opportunity to exercise their right of appeal.

I think that is a reasonable statement. The government is interested in the political repercussions. No one could tell me a few days ago that this freight rate question had not become a matter of major political importance. The minister is usually so astute I did not see how he could be so naive, when he made that categorical refusal of government intervention, as to think for a moment he could get away with it; because, while to some extent it is a statistical and financial problem, this business of freight rates, particularly when it comes to inequalities and injustices, is a human matter, a social matter, a matter which in itself is intrinsically political, and political it has turned out to be.

[Mr. Knight.]

In that connection I might give another western opinion, this time from a newspaper which usually follows what I might describe, in the vernacular, as the government line. That is an expression I do not like, but I cannot think of a better one at the moment. I am quoting from an editorial which appeared in the Saskatoon *Star-Phoenix* of April 9:

> The federal government has promptly implemented the unfortunate decision of the board of transport commissioners—

Mr. DEPUTY SPEAKER: Order. Probably I should read a reference from Beauchesne, third edition, on reading from newspapers or articles emanating from outside the house. I refer to citation 265:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

I would ask hon. members to govern themselves accordingly in their remarks.

Mr. KNIGHT: With all deference, Mr. Speaker, I suggest that this comment has to do with the government, not with the house.

Mr. DEPUTY SPEAKER: From the opening words I understood that it referred to the debate now taking place in this house.

Mr. KNIGHT: I shall not quote further from it, but will simply say on my own that I think the government committed a major political blunder. I take it that statement would be in order, whether or not hon. members agree.

Perhaps the government will do something. I have suggested previously that the government has now some reason for doing something. There was a tremendous rebellion within the government's own ranks. That rebellion was more vocal when no vote on the issue was expected, but I noticed that when the leader of the C.C.F. party brought the matter into the open so that there would have to be a vote, the rebellion rather died down. The hon. member for Comox-Alberni said a person could not serve two masters and, since I believe this matter is political and since the hon. member for Comox-Alberni talked politics himself for ten or fifteen minutes, I do not see why I should not be able to relate politics to this subject. It was suggested here that the government, that is to say the nation, might subsidize the freight haul across northern Ontario. In that connection I wish to refer to a statement made by the hon. member for Rosthern (Mr. Tucker)—or is he still the hon. member for Rosthern?—who is making speeches up and down Saskatchewan. The

heading is: "Saskatchewan Liberal chieftain advocates nation defray costs of shipping goods over barren western Ontario." He says that is the Liberal policy in connection with freight rates. Am I permitted to read this item, Mr. Speaker?

Mr. KNOWLES: He is a member of the house.

Mr. KNIGHT: The hon. member for Rosthern is a member of the House of Commons, but here he is expounding Liberal policy, and I think it has a distinct bearing on what we are talking about:

Mr. Tucker contended it therefore followed that it was a national responsibility and not the responsibility of the west to defray the high costs of shipping across this barren territory.

Then listen to this:

Mr. Tucker declared absorption by the federal government of the costs of maintaining railway service across the barren western Ontario area would provide the railways with sufficient revenue to lower freight rates in the west to the level prevailing in the east . . .

That is the Liberal freight policy, says the hon. member for Rosthern. I should like to ask the minister if that is dominion Liberal freight policy, and if he intends to do anything about it. Talk about serving two masters: the hon. member for Rosthern appears to have the unfortunate facility of being in the wrong place at the right time. When matters of tremendous importance in the province were going to take place in the provincial legislature in Saskatchewan, he was offered a seat there, but he could not consider it, being needed in Ottawa.

Mr. DEPUTY SPEAKER: I do not think the hon. member is now discussing the freight rates question; he is discussing the hon. member for Rosthern (Mr. Tucker).

Mr. KNIGHT: It is freight rates I am coming to. I am saying what he would do about freight rates; what he said he would do about it.

Mr. DEPUTY SPEAKER: I did not interrupt the hon. member when he was referring to what the hon. member for Rosthern had said about freight rates. But when he is discussing the hon. member for Rosthern, then I must call him out of order.

Mr. KNIGHT: The hon. member for Rosthern said out in Saskatchewan what he would do about freight rates if he were here. Where is he? When matters vital to my province are happening here in Ottawa, the hon. member for Rosthern is not in Ottawa; he is out electioneering in Saskatchewan.

Mr. DEPUTY SPEAKER: Order. I must ask the hon. member for Saskatoon City not to discuss the hon. member for Rosthern.

Mr. KNIGHT: We will leave the hon. member for Rosthern alone, and turn to more important matters.

Mr. GARDINER: He will take care of them, anyway.

An hon. MEMBER: Who is coming in now?

Mr. KNIGHT: I believe I have made my position clear in the matter of freight rates. This is an important question for the city of Saskatoon, not only to the businessmen who are operating in a wholesale capacity. It is also important to every man, woman and child in that particular part of the country. I sincerely hope the government will see fit to see to it that the railroads from now on are run in a more equitable and just manner.

Mr. RONALD MOORE (Churchill): Mr. Speaker, the recommendation of the board of transport commissioners was received with some misgiving by those sections of the country in which freight rates are already considered to be too high. For a great many years the maritime provinces, the prairie provinces and British Columbia have felt that freight rates in those areas were out of line, when compared with those of the central provinces of Ontario and Quebec.

I do not at this time intend to cover any of the ground already covered respecting the difference in freight rates in the areas mentioned. What I should like to do is to go over a little bit of railroad history in Canada, and then try to indicate the policy which should be followed at this time.

For many years it has been a known fact that the capitalization of the Canadian National Railways has been out of line, when compared with the actual assets of the company. For instance, the Grand Trunk Pacific, which was one of the privately owned railroads which, with its branch lines was taken under the national system, cost a total of $197,139,391. The public subscribed nearly $128 million, or 65 per cent of the entire cost. Of the total capitalization, 88 per cent was in bonds and only 12 per cent in stock. This, of course, meant that there was a heavy load of fixed charges, amounting annually to more than $8,500,000, or $2,855 per mile. This is more than three times the fixed charges of the Canadian Pacific.

The Canadian Northern, another line taken over by the Canadian National, received large grants from the federal government and from provincial governments when it operated as

a private concern. The accounts of the road show it received a total of $298 million. The Acworth commission, which dealt with the financial position of the Canadian Northern, stated that the maximum value of its property was only $370 million. In addition to investment bonds there was an outstanding funded debt of $83,000,000, while the outstanding liabilities were in excess of the total value of the property. The other privately owned roads which became part of the national system were in no better position financially.

In that connection I should like to quote from an article written by Sir Joseph Flavelle in 1932, when he dealt with this matter before the royal commission on transportation. These are the recommendations he made as reported at page 1599 of the commission's report:

(a) That the cost of building the Intercolonial and Transcontinental railways should be written off at once.

(b) That the advances made to the railways before taken over and the deficits which would be inevitable for some years, should be met by the issue to the government of common stock on which no interest would be charged or dividends paid until the company was in a position to earn profits after payment of interest on fixed charges assumed and on the subsequent capital expenditures that would be necessary.

Then again we find that Sir Henry Thornton, one time president of the Canadian National Railways, gave evidence before the royal commission on transportation, and is reported in this way at page 50 of the report of that commission:

To what is the condition of the C.N.R. system due. It seems to me it is due first to the inherited mistakes, if one may call them such, of previous proprietors; secondly, to capital expenditures necessitated to meet public demands to continue the development of the country to make up for deferred capital expenditures in years gone by and to create an efficient transportation machine; thirdly, the competition from subsidized water transport and the highways, and fourthly the freight rate situation. All of these are of course augmented by the present state of depression through which we are passing and the problem is largely one as to how long the depression is going to last.

And listen to this:

I think I would be safe in saying as I intimated some little time ago, that the depression may be the reason which has provoked this investigation, but the investigation might just as well have been made years and years ago. The depression is a thing which simply aggravated an already existing condition. I may mention that because so many people confuse the depression with conditions which really have fundamentally existed for a long time.

Those were the words of a former president of the Canadian National Railways. The commission's report of 1932 outlined the procedure which should be taken more or less to correct the difficult railway situation in Canada at that time. I say the time is now ripe for the government to take action to deal with our complex railway problem.

Again we find that at page 30 of the report the commission recommended that the capitalization of the Canadian National railway system be drastically written down; and then they went on to say that they did not believe that in 1932 the time was opportune to write down its capitalization. I believe if those same people were approached today they would concede that the time is now ripe to deal with the capitalization of the Canadian National Railways.

Most of the bonds were held in Great Britain and other European countries in 1932. But today, because of war purchases, large amounts of those bonds have been repatriated. In fact, in the railway committee of two years ago we were told that only a very small portion of the bonds of the Canadian National Railways were held abroad. Because of the changed situation which has been brought about on account of the war, I think the time has now arrived when the government should take action and cut down the capitalization of the Canadian National Railways to a figure where it will be able to compete and provide transportation at cost.

I should like to say something about the 21 per cent increase in freight rates. I submit that the government should not have agreed to this increase going into effect. The better way to have dealt with the situation would have been to bear the losses of the railroads out of the consolidated revenue fund and hope that within one, two, three or four years the situation would so improve that it would not be necessary to increase rates.

The same problem came up some years ago. In 1918 the Canadian railroads applied to the government for increases in freight rates which were granted. About the same time the railroad employees asked for increases in wages. The increases in wages amounted to $77,000,000, while the increased freight rates received by the railroads amounted to $43,000,000. The railroads applied again for an increase in their freight rates and, after some deliberation, it was granted. Later on, in 1920, a further increase in freight rates was asked, and in this connection I should like to quote from the debate which took place in the House of Commons at that time because I think it indicates the position the government should have taken at this time. The position taken at that time by the government was

summed up in parliament by the then minister of railways as follows:

Shall Canadian freight rates be increased generally for the particular purpose of enabling the Canadian National system to meet its operating expenses and fixed charges, or would it be better to go on with the present rates, giving dealers no additional excuse for increasing the cost of living, and trusting to increase in business, the economies it should be possible to effect by co-ordination, and the return of normal conditions, to gradually reduce these deficits until the day when the revenue will prove sufficient to pay for operation and, later, also to take care of fixed charges? Should this latter suggestion prevail, it would require to be thoroughly understood that the minister of railways must come down next year with a deficit, and the next year with a deficit, and so on for a few years until we shall have turned the corner. The railway companies applied to the commission for an increase in rates, and after a prolonged controversy an increase was granted, calculated to be sufficient to keep the Canadian Pacific railway at least in a healthy financial condition, with the hope that as a result the other great railway system may be benefited in a corresponding degree.

I submit that, because of the increase in the cost of living which is likely to occur on account of this substantial increase in freight rates, the government ought to meet the operating charges of the railroads out of the consolidated revenue fund without increasing the freight rates. It has been denied that this increase in freight rates will have any effect upon the volume of traffic carried by the railroads, but I think there is great danger that this will happen. There is danger that competition from the Panama canal will considerably reduce the volume of traffic and the effect of this competition will be increased by these increased freight rates. Some reference was made to competition from the Panama canal before the royal commission which investigated transportation in 1932, because of the increased rates which were granted in 1918 and 1920. Professor W. T. Jackson, professor of transportation, University of Toronto, gave evidence before the commission and said at that time:

During the period from 1923 to 1928, the grain movement from Fort William to Port Arthur increased by six per cent, while that from Vancouver to Prince Rupert increased by 47 per cent in the same period. From 1921 to 1928 the movement from the Atlantic seaboard increased by 47 per cent, while that from the Pacific increased by 995 per cent in the seven-year period.

It will be seen that this represents a considerable loss of traffic to the railroads. I do not think it is beyond the bounds of possibility that the railroads will lose traffic because of the recent increase of 21 per cent. Other things will have to be considered. Ocean shipping is more efficient today than it was twenty years ago. Ocean-going ships are faster and it is possible for them to make trips more quickly than it was twenty years ago. In view of all this, I think the government should take into consideration the possibility of maintaining freight rates as they were. If they have to pay additional losses out of the consolidated revenue fund it will be better to do that than greatly to increase the cost of living in this country by granting this increase in freight rates.

I believe the time has come when we must admit that we have a transportation problem in Canada. If the government is to take action on it, there is no time like the present. I submit that the sooner action is taken on this problem, the sooner we shall develop a national transportation system that will work to the benefit, not only of one or two sections of the country but of the country as a whole.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, there was considerable that I intended to say on this question, but because of the lateness of the hour I shall try to finish before six o'clock. One of the outstanding features of this debate has been the way in which the leader of this group, the hon. member for Rosetown-Biggar (Mr. Coldwell), has changed in a few days from a statesman of a fairly high order to a real menace to society. When he moved the adjournment of the house on April 5 to discuss this matter of freight rates he was lauded by members on both sides of the house and, I think, by all political parties. For instance, the hon. member for New Westminster (Mr. Reid), speaking immediately after the hon. member for Rosetown-Biggar, had this to say, as reported on page 2625 of *Hansard:*

I listened with a great deal of attention to the remarks made by the hon. member for Rosetown-Biggar (Mr. Coldwell), and while I agree with everything he said, I would point out that, as a result of this decision, no province has been harder hit than British Columbia.

I have not been present during the whole of this debate, but I think British Columbia was just as hard hit on April 13 as it was on April 5, but nothing has been said by the hon. member for New Westminster. However I appreciate that a Liberal caucus was held in the meantime and rumour has it that there was some fairly pointed talk by the leader of the party. Then the senior member for Halifax

(Mr. Isnor), representing the other end of the country, had this to say, as reported on page 2639 of *Hansard:*

I hope that the motion which was introduced today by the hon. member for Rosetown-Biggar (Mr. Coldwell) and the remarks of the various hon. members, who have presented their views from various angles, will have some effect on the board of transport commissioners. If not, I hope and I believe that it will have some effect on the government in making them realize that this action is not one which is well received in other than the two central provinces of Ontario and Quebec.

It would seem that the senior member for Halifax has changed his mind between April 5 and April 13. I turn over a few pages and I find that the hon. member for Fraser Valley (Mr. Cruickshank) had something fine to say about the hon. member for Rosetown-Biggar (Mr. Coldwell), as reported at page 2652 of *Hansard*:

I wish to compliment the hon. member for Rosetown-Biggar (Mr. Coldwell) on his speech this afternoon. I believe that he spoke on behalf of all of us, and in my opinion in all the years I have been in this house I never heard him make a better speech. I am glad to say that he kept partisan politics entirely out of it. I am sure that he spoke for every member from the maritimes and certainly for every member from British Columbia, irrespective of party.

If that was the situation as regards freight rates on April 5, and nothing has happened in the meantime to change the effect of the order of the transport commission on freight rates in British Columbia or the maritime provinces, what is it that has caused this great change of mind? The cause of this great change has been what the hon. member for Comox-Alberni (Mr. Gibson) has been trying to put over on this group.

Mr. CHEVRIER: You did not like his speech, did you?

Mr. MacINNIS: I liked it all right, if you could call it a speech, but that is a matter of opinion. He said that C.C.F. members were afraid they might have to go back to the use of the pick. I would tell him that the members in this group are taking exactly the same stand as they took on April 5, and the members who are afraid to go back to the use of the pick are the members opposite who have changed their tune in the meantime.

The hon. member for Comox-Alberni mentioned, quite fairly, I think, that the lumber and fish produced on the Pacific coast is now sold at a much higher price than previously and it should reasonably carry its fair share of increased freight rates. I want to draw attention to another important commodity which we produce in British Columbia and which is not in the favourable position of lumber or fish; because of market conditions it cannot absorb increased freight rates. I refer to fruit. Grain shipments are exempted from the freight rate increases, and if these increases are to be continued in effect, I think something similar should be done for the fruit industry which, even before this freight rate increase, was facing a serious situation, and the new freight rate increase may mean the difference between carrying on or going out of business for the fruit growers. I have before me a copy of a telegram sent to the Prime Minister (Mr. Mackenzie King) and the Minister of Transport (Mr. Chevrier), dated April 10, 1948, signed by J. R. J. Stirling, president of the British Columbia Fruit Growers' Association. I want to put this telegram on the record, and I hope that the petition in it will be supported by all the members from British Columbia to whom the fruit industry is of such immense importance. The telegram reads:

Confronted with problem of marketing estimated tree fruit crops largest in the area's history, with rising production costs and curtailed offshore exports, fruit growers of British Columbia are deeply concerned detrimental effect 21 per cent freight increase and non-removal long-standing discriminatory differentials. In light of prospective marketing outlook freight increase will take from this industry an additional million dollars in distributive transportation costs. Therefore this association urgently requests suspension new rates pending completion government's announced investigation.

Here you have an important industry which, even before this freight rate increase, was faced with a most difficult situation, and which, if something is not done to alter the new rates, will have to decide whether to carry on or go out of business altogether.

The railways in Canada are essential to the very life of this country, more so than any other form of transportation, and in order that the railways may operate efficiently I am not only agreed but firmly convinced that they must have adequate revenues. But I am also convinced that that revenue should be raised without discrimination between one section of the country and another. The Minister of Transport, speaking in the house a week ago, referred to the personnel of the transport department and said they were experienced and experts. I agree with that; but in view of the fact that it is accepted by everyone that there is discrimination and that the discrimination has existed for many, many years, I would say that the experts in the transport department are experts in discrimination.

Mr. CHEVRIER: That is a very unfair statement for an hon. member to make who pretends to be so fair in his statements in this house.

Mr. MacINNIS: That is an unfair statement?

Mr. CHEVRIER: That is what I said.

Mr. MacINNIS: I ask the minister, if his experts know so much about the freight rate structure, and know there has been discrimination, which, indeed, has never been denied, why has the discrimination not been removed?

Mr. CHEVRIER: If the hon. gentleman would only accept the policy of the government, which is to give an opportunity to the provinces to make application to have the discrimination or the inequalities disappear, then perhaps he will get an answer.

Mr. MacINNIS: That is a beautiful answer—if I will wait for some time perhaps I may get an answer! Perhaps I won't. But even if I do, the answer may not be satisfactory. The discrimination may still continue, and that will simply prove my point, that they are experts in discrimination.

Mr. CHEVRIER: Which is still an unfair statement.

Mr. MacINNIS: It is not an unfair statement.

Mr. CHEVRIER: It is.

On motion of Mr. Bryce the debate was adjourned.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

DAIRY INDUSTRY ACT

PROPOSED REPEAL OF PROVISION PROHIBITING MANUFACTURE, IMPORTATION AND SALE OF BUTTER SUBSTITUTES

Mr. JAMES SINCLAIR (Vancouver North) moved the second reading of Bill No. 4, to amend the Dairy Industry Act.

He said: Mr. Speaker, the bill of which I am moving second reading is a very short and simple one, providing only for the deletion of that clause in the Dairy Industry Act which prohibits the importation, manufacture and sale of oleomargarine or other butter substitutes in Canada.

This bill is identical with one which Senator Euler has before the senate and which he has twice previously introduced there. I think I should pay tribute to the valiant work he has already done in this matter.

My own connection with margarine is a simple one. In the last war I served for some time with a squadron in Libya. In our food ration we got either New Zealand butter or British oleomargarine, and unless we saw the tins in which they came we did not know which we were eating—same taste, same colour, same texture.

Last September a group of irate housewives in the industrial portion of my riding complained to me about the shortage of butter. Butter at that time was controlled in price but very short in supply and they asked why there was no margarine to alleviate this shortage. I explained about the ban in the Dairy Industry Act, and how Senator Euler had tried in vain to have it repealed. They thereupon asked me to sponsor a similar bill in the House of Commons. I agreed, and I am now fulfilling that promise.

The origin of oleomargarine dates back to the 1860's. France at that time was afflicted as Canada is today—butter scarce and high in price. In the hope of correcting this condition, Napoleon III offered a prize to the scientist who could develop a cheap synthetic butter, which prize was won by Megez-Mouriez in 1869. He attempted to duplicate the milk secretory process of the cow, using beef fat as a base. In this he failed, but he developed instead a process for making animal fats as soluble, digestible and palatable as the fats in butter, and so developed not synthetic butter but a butter substitute which he named oleomargarine.

The production of this product began immediately in France and shortly afterwards in North America. Almost immediately the dairy industry of the entire continent marshalled their forces against the first real competitor they had ever had, but this is the most significant point about the entire battle which has raged since that time. They did not try to drive this competitor from the field in the honourable way that business has always used, by making their own product better and cheaper. They chose instead a cheap and shoddy way. They turned to legislative bodies for laws banning or hampering and hindering their competitor.

In America, however, the United States supreme court in 1886 ruled that such ban on the manufacture of a legitimate article of commerce was illegal, and so in the United States they had to confine themselves to restrictive legislation, to direct taxation by the federal government and nuisance taxes by the state governments.

Here in Canada, however, the dairy lobby was more successful, for in 1886 it secured a total ban on margarine. A bill was introduced by a private member, and it is interesting to recall that almost all legislation connected

with margarine has been initiated by private members. It was a private member, Mr. Taylor of South Leeds, who introduced a bill in the House of Commons to regulate the manufacture and sale of oleomargarine in Canada. Once he got his bill into the house on second reading, however, he found the temper of members so hostile to oleomargarine that he joyfully amended his own bill, changing the word "regulate" into the phrase, "prohibit the importation, manufacture or sale of oleomargarine or butter substitutes in Canada." The bill carried, and that provision has been in effect in Canada since that time with a lapse of six years after the first war.

Of the greatest significance, however, is the reason given for this action at that time, a reason clearly outlined in the preamble of the bill and also in the subsequent debate in the House of Commons. It was charged that oleomargarine was an impure product which was fraudulently sold as butter. There were probably some pretty good grounds for that allegation at that time. Oleomargarine was an inferior product poorly produced by the packing houses out of inferior oleo fats. The whole packing industry at that time was disgraceful by modern standards and there was no government food inspection. Therefore parliament was probably right, and within its rights, in banning oleomargarine on the ground that it was an impure food fraudulently sold as butter.

However, great improvement was soon made in the manufacture of oleomargarine, and shortly after oleomargarine was accepted everywhere throughout the world, except in Canada, as a pure and wholesome food. Even Canada came round in 1917 when, because of a grave shortage of butter in the dominion, the government of the day authorized by order in council a temporary suspension of the ban in the Dairy Industry Act. This was clear recognition that margarine was then a pure, wholesome food.

During the next six years Canadians manufactured, sold and ate 52,000,000 pounds of oleomargarine without any ill effects. But the dairy forces were not content. Each year they marshalled their forces and brought increasing political pressure to bear upon parliament, and finally in 1923 the ban was reimposed.

To those members who are concerned only with the political implications of oleomargarine, the vote at that time, as recorded in *Hansard,* is quite interesting. Not a single member of the house who voted against oleomargarine on that occasion is still in this chamber; on the other hand, at least four of the members who spoke and voted for margarine are still gracing the chamber: the hon. member for Danforth (Mr. Harris), the hon. member for Yukon (Mr. Black), the hon. member for Broadview (Mr. Church) and the hon. member for Cariboo (Mr. Irvine). There were, of course, numerous absentees on that occasion, as no doubt there will be on this.

Mr. PROBE: May I ask the hon. gentleman a question? The Prime Minister (Mr. Mackenzie King) was in parliament at that time. What is his record with respect to the vote on that occasion?

Mr. SINCLAIR: The Prime Minister is quite able to speak for himself. Actually he was paired at that time.

Some hon. MEMBERS: Oh, oh.

Mr. SINCLAIR: Hon. members may laugh. Pairs on that occasion did not declare how they would have voted; but the Prime Minister showed clearly how he felt, as any student of *Hansard* can find out, because in June, 1923, he moved a motion in the House of Commons unique in Canadian parliamentary history. He though leader of the government, moved that a private resolution, standing eleventh on the order paper, favouring oleomargarine be given precedence over all government business the next day, in order to bring it to a vote. He therefore clearly showed his interest in oleomargarine.

To get back to the constitutionality of the ban, great progress was made after the first war in the further improvement of margarine. Experiments had shown that while margarine was the food equivalent of butter, as far as energy and digestibility went, nevertheless children who were fed on butter did grow faster than children fed on oleomargarine. The discovery of vitamins explained the reason for this, and shortly afterwards the development of a process of artificially fortifying food with vitamins brought about the desired result.

Modern margarine is fortified with at least 15,000 units of vitamin A per pound, which is more than the average for good summer butter and greatly in excess of the vitamin content of winter butter. Today, therefore, we find that everyone recognizes that oleomargarine is a pure wholesome food, nutritionally the equivalent of butter. Do not take my word for it. The British and United States governments in official papers, and the British and American medical associations in official journals, so declare. Even better, so far as Canadians are concerned, is the authority of the Canadian Medical Association, who in

their official journal, the *Canadian Medical Journal*, in August, 1947, had an editorial eulogizing oleomargarine, and concluding with this sentence:

From the economic and nutritional aspects, good margarine is superior to butter.

However I will offer one other authority we should all respect, the government of Canada. That government has a Department of National Health and Welfare whose special duty it is to watch over the health of the Canadian people. They put out many good publications, one of the best being "Canadian Nutritional Notes," published especially for the benefit of dieticians in Canada, especially those in hospitals and schools.

In the December, 1947, issue of this splendid publication there appears an excellent article entitled "The Place of Fat in Nutrition." Let me read one paragraph from it.

Mr. KNOWLES: Any reference to the minister.

Mr. SINCLAIR: Let me read:

So far as is known at present good margarine is a complete nutritional substitute for butter in an ordinary diet. Margarine is made from a variety of vegetable fats and oils, and may have added animal fats. As a source of energy margarine and butter are equal for equal fat content. Margarine may be coloured by the same dye as is used for colouring butter. A good margarine contains 16·5 per cent skim milk for flavour and texture, plus minute amounts of glycerin derivative to prevent spattering in frying, and some lecithin to prevent burning and sticking to the pan.

On the back of this excellent booklet appears the familiar signature of Paul Martin, Minister of National Health and Welfare.

Mr. KNOWLES: I wonder how he thrives.

Mr. SINCLAIR: There may be some financial critics of the government, like the hon. member for Peterborough West (Mr. Fraser), who will denounce as a scandalous waste of public money the publishing of a bulletin extolling a food which Canadian dieticians cannot buy. I take a broader view. I think the Minister of National Health and Welfare, with his usual perspicacity, is merely anticipating the passage of this bill, and getting proper material into the hands of the public well in advance. If such is the case, I respectfully suggest to him that he start his missionary work much closer to home and give a copy of this excellent bulletin to his colleague, the Minister of Agriculture (Mr. Gardiner), who was reported in the press last month as having told the people of the west that he thought the introduction of margarine would be detrimental to the health of the Canadian people.

Mr. GARDINER: But not on the ground that it was not a good food.

Mr. SINCLAIR: That was the statement in the report. Therefore I submit that this booklet proves beyond question that margarine today is a pure and wholesome food which can stand on its own merits, and therefore the grounds for the original ban have vanished.

The federal government, under the British North America Act, has the power, under customs, to ban or to put heavy duties on the importation of any foreign goods. But nowhere in our constitution is there given any right to the federal government to ban the manufacture and sale within the country of a perfectly proper article of commerce. This I may say was the view of a great Liberal, W. S. Fielding, the great Haligonian, in the 1923 debate. If any authority has that right, then the provinces may have it as a property and civil right. Therefore I submit to the house as my first point that the present ban on margarine, as far as the ban on the manufacture and sale is concerned, is clearly unconstitutional.

My second argument is an economic argument. The present ban on the manufacture and sale of margarine establishes the butter industry as an ironclad monopoly in this country. The butter industry, of course, hotly deny that. They say that, far from being a monopoly, hundreds of creameries and dairies across the country are all busy producing butter, competing with each other and never getting together to fix prices or restrict production. That may be so. Most monopolies and cartels result when manufacturers who could flood the country with their production get together and restrict production and fix prices.

There is, however, no need for the butter industry to do that. The annual production of butter in Canada, as we well know today, is insufficient to meet domestic needs. More than that, the parliament of Canada, by its legislation, has removed from the field the only competitor which could take up the slack and compete in price. Therefore today we find that there is an automatic fixing of the price of butter in this country, which is set by the cost of production of the least efficient producer, the backwoods farmer on the marginal farm who makes his extra cream into dairy butter. As a consequence, the more efficient producers of the country enjoy a gratifying price. However, the real tragedy of this policy is that it results in abnormally high prices to the consumer, with no real benefit to the primary producer, because in winter when the price is high, his cost of production is high.

The speculators who buy surplus butter cheap in summer, store it and sell it at an exorbitant price in winter are the ones who are making money out of butter under the present system. The scandalous evidence of eleven and a half cents a pound profit revealed by the prices committee is shocking support of that contention. I think even more revealing was the callous comment of both the president of Canada Packers and the president of the National Dairy Council, to the effect that there was no point in their organizations taking less profits and reducing the price because butter is in such short supply that their competitors could get the high price anyway.

An hon. MEMBER: Shameful.

Mr. SINCLAIR: Yes, it is shameful. Therefore we have need today of price control on butter. If it were not for that price control, I am quite sure that butter would be close to a dollar a pound.

As a matter of history and as a matter of interest, I looked back over Canadian and British history to see if ever before there had been such a ban on the production of goods within a country. I had to go a long way back. I had to go back to Britain at the turn of the seventeenth century, when the first cotton goods, calicos as they were known then, began to be imported from India. The wool and linen trades immediately raised their hands in holy horror; and, strangely enough, they similarly rushed to parliament in order to have their competitor banned. In 1701 a law was passed banning the importation of calicos. But that was not good enough. They went farther than that, and in 1721, the first year of the Walpole ministry, they banned the importation, manufacture, sale or even the use of cotton goods, in order to leave the field secure for the woollen and linen trades.

The University of Manchester series on cotton, which is in the library, has a most interesting account of the debates at that time. There was no *Hansard* then, but the arguments used by the proponents of wool and linen have a strangely familiar ring today. They said, of course, that the honest British workingman did not want to be clothed in cheap foreign cottons. They said he wanted to wear good British woollens and good Irish linens. The fact that he could not afford to buy them was immaterial. They said, next, that wool and linen were the cornerstone of British agriculture, and that the competition of these cheap cottons would ruin the British economy.

[Mr. Sinclair.]

Their arguments were, of course, shown to be false, and mounting public opinion in the end forced, first of all, a relaxation of the ban in 1736, and in 1760 a complete repeal of that ban. Sixteen years later, Adam Smith, in a lecture to the University of Edinburgh, had this to say about this particular legislation. He called it "a mean and malignant expedient to dam the natural channel of free trade", and he said at that time that its failure was inevitable. I think Adam Smith would have used far stronger language than he did had he thought that 200 years later the parliament of Canada, which apparently has learned nothing from history, would still be resorting to this mean and malignant expedient.

The most striking argument is, of course, the social one. Quite bluntly, there are today in Canada many groups of people who cannot afford to buy butter at seventy-three cents a pound. I am thinking of old age pensioners, war pensioners, people on superannuation and large families with low incomes. But all those people need the soluble fats and vitamins which are found in both butter and margarine. There is another great group in the middle class who can afford to have some butter but not all the butter they need for a balanced diet. To these people the dairy industry of Canada says, in effect: "If you cannot buy butter, you can do without. It is far better for this nation that you should want than that you should have margarine."

This ban is an imposition which is not borne by the whole consuming public in Canada. It is borne only by one group of it, the poor and those in the low income groups. As such it should be regarded by anyone with any social conscience as morally reprehensible. It shows, for example, that we are less humane than that autocrat Napoleon III who at least tried to do something to alleviate the effect of the butter shortage on his poor and his depressed.

A year ago our great sister dominion, South Africa, faced the same problem and embarked on a program of government assistance to margarine. There is an excellent account of this in "Farming in South Africa", an official publication of the department of agriculture of the Union of South Africa, which can be secured from the Department of Agriculture library. In the January issue, which I also commend to the reading of the Minister of Agriculture, there is an interesting article on why South Africa, under conditions similar to our own, with a butter shortage over the year and little domestic supply at the moment of edible oils, turned to margarine. This gov-

ernment report concludes with one paragraph which I think I should put on record. Speaking of margarine, it says:

Its manufacture has been and is still opposed by the dairy interests. These interests do not appear to realize that the national well-being of a people must come before sectional gains. At present there is not enough butter to meet the purchasing power of the nation, let alone its nutritional needs. Even if butter production is expanded to supply the needs of those who can afford it there will always be a very large group of people whose wages will be so low, in relation to the price of butter, that they could not afford it at any price. The manufacture of margarine is intended to fill the present gap between the production of and the demand for butter, and to supply the nutritional needs of the poorly paid groups in order to improve their health and working capacity.

What a splendid stand for our sister dominion to have taken.

Within the last year another aspect has become apparent in the margarine situation, an international aspect brought about by two things, the Geneva trade agreements and the suggested entry of Newfoundland into confederation. The Geneva trade agreements have been rightly heralded, by the democratic world at least, as a tremendous advance in international understanding and a breaking down of the barriers between nations to encourage world commerce and so stimulate world recovery; and none of the nations has so great a stake in this program as Canada, which is so dependent upon world markets. This great agreement was only reached, of course, through important concessions being made by each of the participating nations. One of those conditions is contained in article XI of the general agreement, which provides that there shall be no ban on the importation of any product of any of the signatory nations.

The Canadian experts who were at Geneva appeared before the senate committee last year and said that Canada had fought very hard against this condition because of our margarine situation, but that in the end we had given up and so were pledged to abide by that clause. Further evidence along that line was given in a statement by the leader of the government in the senate last year, which is found at page 34 of senate *Hansard,* where he said in part:

Under article XI of the general agreement we are bound to remove our ban on the import of oleomargarine. The product is not specifically mentioned, but we have bound ourselves to abstain from prohibitions of that nature.

Almost immediately following this declaration we were informed by a government press release, and I quote

. . . there is nothing in the Geneva agreement, nor is there apt to be anything in the Havana modification, to prevent us putting duties and taxes on the margarine as high as may be felt proper to leave the dairy industry completely undisturbed.

If parliament should follow such a course; if we should agree in principle to the spirit of the agreements and then immediately turn around and by a cynical evasion impose tariffs which are in effect the ban which was just removed, then I say we as a nation are guilty of the most arrant hypocrisy. Further I say that if every other nation takes similar evasive methods to escape the concessions they made, then the Geneva trade agreements will not be worth the paper they are written on. They will be even more worthless, I would say, than our own signature if it is our intention to evade the spirit of the concessions by some technicality. If we intend to abide by these agreements, then I say the only sort of tariff we can in honour place on the importation of margarine is one no higher than that we imposed when margarine was last imported into this country.

The Newfoundland proposals have an equally shocking implication. This sister country, with climate and geography much like our own, had another problem in common with us. They found their butter production was insufficient to meet domestic needs; but they did not stick their heads in the sand like an ostrich. They embarked, after mature considerations, upon the manufacture of margarine, using mainly their own domestic oils; and margarine now sells for roughly half the price of butter there. When they inquired about the conditions under which they might enter confederation, naturally they were most anxious to preserve this right and insisted upon it. The Dominion of Canada, in its turn, agreed; with this provision, however, that margarine manufactured in Newfoundland could not cross the provincial boundaries. This amazing condition strikes at the very economic heart of the pact of confederation. Paragraph 121 of the British North America Act reads:

All articles of the growth, produce or manufacture of any one of the provinces shall, from and after the union, be admitted free into each of the other provinces.

The fathers of confederation intended Canada to be one economic unit, not nine Balkan states with customs houses lining every provincial boundary. This provision, therefore, strikes at the very heart of the economic foundation of confederation. It can be achieved only by an amendment to section 121 of the British North America Act. This is an amazing thing. Apparently it is almost impossible to secure amendments to the British North

America Act for which the great bulk of the Canadian people long, such as an amendment which will permit contributory old age pensions, an amendment which will permit national health insurance, or an amendment which will permit national control of labour legislation; but apparently no difficulty is anticipated in securing an amendment to the British North America Act which, though shaking confederation, will please the dairy industry.

If such an amendment is obtained it will have to be one of two kinds. Either it will have specifically to mention margarine and the boundaries of Newfoundland, in which case we shall debase our national constitution by the mention of one trivial article of commerce which is singled out for discriminatory treatment, or it will have to be a general amendment permitting other provinces to impose bans. So shortly we may have Ontario banning British Columbia apples, British Columbia banning Alberta coal, Nova Scotia banning Prince Edward Island potatoes, thus breaking down the economic heart of confederation. Such however, is the power of the butter industry in this country.

Now getting away from the principles behind this ban, or rather the lack of principles behind it, let me turn now and look at the various groups involved. Who are against margarine? Just one group: the dairy interests of Canada; and for just one reason: they feel that the sale of margarine will affect their pocketbooks. One reason, a purely selfish one, is behind this ban. They, of course, expand this reason into a much bigger sphere. They say it is more than that. They say the sale of margarine would depress the sale and price of butter. They say butter is the cornerstone of our dairy industry, so that it will depress the dairy industry. Then they say the dairy industry is the cornerstone of our agriculture, so that it will depress agriculture; and agriculture is the cornerstone of Canadian industry, so the eventual result of the lifting of the ban on margarine will be a national depression.

Mr. CASE: That is right.

Mr. SINCLAIR: My hon. friend across the way is quite familiar with ballads and poetry. I say that is exactly the same type of logic which traced the loss of a great battle back to the loss of a horseshoe nail. The same argument, of course, was used by the proponents of the cotton law of the eighteenth century, except that then it was wool and linen which were the cornerstone of British industry. It was used again by the champions of the corn laws in the nineteenth century, though this time grain was the cornerstone. Both predicted national ruin unless those bans were maintained.

History shows how false were their assertions; and history today shows that the assertion of the butter industry that this must ruin Canada is equally false. The history of every other country in the world shows that the introduction of margarine has not debased the dairy industry or agriculture as a whole but has helped the dairy industry. Both countries with butter for export, like New Zealand, Holland or Denmark, and those which like Canada are in short supply, such as Newfoundland, the United Kingdom, the United States, Norway and South Africa, have found this to be so, for all today, with margarine, have healthy dairy industries.

The thing about this that interests me very much is the fact that for years we have witnessed crocodile tears on the part of the dairy industry about the money they lost on butter. They were always losing money on butter. If butter was such a money loser one would think the dairy industry would welcome a chance to get rid of this loss leader by the importation and manufacture of margarine, letting margarine take that loss and leaving the dairy industry free to go into the more lucrative field of the production of milk, ice-cream and cheese.

What is the truth of the matter? The truth is that the sale of oleomargarine in Canada would have very very little effect upon butter sales or butter prices. In the United States, for example, butter sells at about a dollar a pound and margarine at from thirty-five to forty-five cents a pound. The great sale of oleomargarine is to people who today are either not buying butter because they cannot afford it or not buying all the butter they would like.

More than that, the manufacture of oleomargarine is naturally complementary to butter making, since it uses the skim milk which is a by-product of butter. More than that, the dairy industry gains from the oleomargarine manufacture, because there is more oil cake which comes as a by-product of the increased production of vegetable oils which will be necessary. The records of Canada also show that, because between 1917 and 1923, when we had oleomargarine, butter production and consumption in Canada gained each year.

I turn then to their second defence, the argument of protection. I shall deal with that at the close of my speech.

The next argument which we hear so often repeated is that we could not have any oleo-

margarine anyway because of the international control of edible oils. It is true that edible oil production is controlled today by an international committee, which is expected to expire this year. However, South Africa embarked upon the manufacture of oleomargarine last year under exactly similar circumstances. Our domestic production of vegetable oils can be greatly increased. The hon. member for Winnipeg South (Mr. Mutch) has offered to develop this phase in his speech, and I hope too that the hon. member for Lisgar (Mr. Winkler) will tell the house of his own profitable experience last year in one of the prairie provinces in the growing of oil crops.

There are, too, animal fats—beef fats, hog fats—and the production on the coasts of fish, seal and whale oils to swell the supply. This entire argument can, however, be dismissed as pure sophistry, for if the dairy industry sincerely believed that the removal of the ban would bring no oleomargarine on the market, they would not bother fighting for the retention of this ban.

I turn now to those who are for margarine. First and foremost is, of course, the group corresponding to the dairy interests, those who for their own personal and perhaps selfish reasons would like to engage in the importation and manufacturing of oleomargarine and the primary producers who would sell them the vegetable, animal and fish oils for that manufacture. They say—and their stand is a personal one—that nevertheless they should have the same right to engage in their legitimate industry as has the dairy industry to engage in butter making.

There is a second group, however, a very large group to whom more attention should be paid, who are for oleomargarine. I refer to the very large group of consumers in Canada, those today who cannot find butter to buy, those today who cannot buy all the butter they need, those today who cannot afford to buy butter at seventy-three cents a pound. Their interest, too, might be described as being personal or selfish; although I do not think the word "selfish" could be applied to mothers who are anxious because they cannot supply enough butter for their children.

These are the groups most affected by the present ban on oleomargarine. They are the ones who most want to have it removed. A Canadian women's magazine, *Chatelaine,* conducted a poll across Canada and found that 80 per cent of the housewives were for the sale of oleomargarine, although many said they would not use it themselves. Sixteen per cent were opposed. In that sixteen per cent were, of course, included wives of butter makers, and also those people who, through ignorance or stupidity, think the removal of the ban would force them to eat oleomargarine.

There is, however, another group in the country, a third group, a powerful group of national bodies and institutions who have no direct or selfish motives, but who feel on moral and social and economic grounds that the present ban should be removed.

First and foremost is the daily press, the greatest organ of public opinion in any free country. From Halifax to Victoria the daily newspapers in every city have thundered against this legislation. In editorials they have described it as evil, iniquitous legislation, a blot on our statute books, and have urged its removal. In all Canada I have seen not a single daily newspaper in its editorial columns champion the retention of the ban. Next to the daily newspapers are the national magazines of Canada: *Maclean's, Chatelaine, National* and *New Liberty*. These, too, have castigated this type of legislation.

Then come the great national bodies such as the Canadian Medical Association, the Canadian Hospitals Association, the Canadian Dietetic Association and the Canadian Welfare Association, comprising all the welfare agencies in Canada. This last named is the most informed on the plight of low-income families. In their fine brief to the Prime Minister (Mr. Mackenzie King) they have pointed out that, in a sample poll in the city of Hamilton, they have found that 55 per cent of the families with net incomes of $2,000 a year or less, had to cut their butter purchases because of high prices.

Across the country are hundreds of smaller public bodies such as city councils—and I have in mind the city of Ottawa—labour councils, women's councils and veterans organizations; yes, and to their credit, some farmers' institutions, which have added their voice. I know of two in British Columbia, namely the Howe Sound Farmers' Institute and the Okanagan Centre Institute.

This great volume of public opinion demand the repeal of this ban. Where are the great national public bodies who, without selfish interest, have advocated the retention of the present ban on oleomargarine? There is none; no, not one.

In conclusion, I wish to conclude by pointing out some of the political implications of oleomargarine. It is said, of course, that margarine is political dynamite, that no political party dare touch it for fear of incurring the hostility of the dairy interests. One rural member told me that, although he

had received twenty letters for oleomargarine to every one against, that one against felt more intensely than the other twenty combined. He has, of course, what is called an open mind in the matter. These, however, are matters of political expediency, and great political parties should base their actions on high principles, not on vote-catching expedients.

Let me therefore turn to an examination of the principles of each of the major parties in the house in relation to this ban; and, if I do so unfairly, I shall welcome correction. Let me, first of all, take the Conservative party. One of the great historical principles and practices of that party has been the principle of protection, a perfectly honourable political philosophy which, at various times in our history, has won great support in this country. Its basis is the fact that infant industries in a young country do need a measure of aid so that they can compete with well-established industries in older countries, such aid being given by duties on the importation of products from foreign lands or by an outright ban. The purpose of such a policy is, however, not to stifle industry within the country. Its purpose was to encourage every type of industry within the country.

Thus while the Conservative party, believing in protection, might endorse the ban on the importation of foreign oleomargarine or might support a duty on foreign margarine, it would do so as a measure of encouragement to the manufacture of margarine and butter within the country. I never have understood the Conservative policy of protection to extend to stamping out competitive industry within the country. There is only one place where I have ever heard that practice called protection, and that was in Chicago twenty years ago. Al Capone and his gang used to supply that type of "protection" to businessmen; for a high fee they rub out any rival business in any area by simply eliminating that competition by intimidation and violence. And that is the type of protection which this legislation affords the butter industry.

Mr. CASE: Leave Al Capone out.

Mr. SINCLAIR: I will tell the hon. member for Grey North, who is a Progressive Conservative that I am right in this view, as shown by *Hansard* of 1923, where the leaders of the Conservative party of that day the Right Hon. Arthur Meighen, the Hon. R. J. Manion, who was later a leader, made splendid speeches in this strain and voted for margarine, as did the Conservative party by a 19-13 vote.

I turn next to the C.C.F. party. It is conceivable, to me at least, that in the planned and regimented state they hope one day to govern, their master planning board might order that only one of a variety of similar products should be produced, for economy of production. If such a choice were made, the product chosen would surely be that which, measuring up to the required standards, would be the cheapest and easiest to produce, so that there would be a saving in labour to the producer and a saving in money to the consumer. If that were the case, then certainly margarine would be the obvious choice over butter. The C.C.F. have always held themselves out to be the implacable foes of private monopoly. That should certainly include the butter monopoly. They have always shown real concern over the plight of the poor and those with low incomes, so I cannot see how they can condone such a monopoly which leaves butter short in supply, high in price to the consumer and permits great companies to make exorbitant profits.

I turn now to the Social Credit party. I must confess, as on previous occasions, that I have never been able quite to grasp their financial theories. But this I do know about them. No party in this house has been more vigorous in its championing of private enterprise, meaning by that free competition between business, each striving to produce the best and cheapest product. That being so, they can scarcely condone the stamping out of one industry in this country to provide an unrestricted field for another.

They believe in an economy of abundance as against an economy of scarcity. No one can deny that our present butter economy is one of scarcity. Butter is in short supply and high in price, a condition which can be cured only by the economy of an abundance of margarine.

I now turn to my own party, the Liberal party.

Mr. KNOWLES: This is going to be good.

Mr. SINCLAIR: If there is one party in this house which, as a matter of principle, should fight against this ban, it is the Liberal party. That is because of the reasons embedded in our very origin as a political force. One hundred and fifty years ago there were only two British political parties, the Tories and the Whigs. They differed only in one particular. The one party thought that power should be vested in the king, while the other thought that power should be vested in their own privileged hands.

On the scene began to appear the first reformers and radicals, men who were appalled

by the glaring economic inequalities, men who were fighting for social justice, slowly gathering to their ranks progressive thinkers from both the old parties. Their first triumph came in 1832 with the Reform Bill, which brought the voice of the middle class to the councils of the nation. With this accretion of strength they moved on to the great fight against the corn laws led by John Bright and Richard Cobden, men who, in the Biblical phrase, were the glory of their time.

The corn laws had been enacted as a supposed aid to agriculture, imposing an exorbitant tax on the importation of foreign grain. The British farmer could not supply the domestic needs and, as a consequence, he received an extremely high price for his grain, which resulted in raising the price of bread beyond the reach of the workingman. The great Tory and Whig landowners defended this policy by saying it had to be done in order to preserve the national economy, even though millions starved.

Bright led the battle against the corn laws with the great cry that the future British economy depended, not on restriction of trade but on the greatest freedom of trade, not on the starvation of the working people but on cheap food for the common people. He convinced the farmers themselves that they were not gaining by this policy, that the high prices they got were robbed from them by the great landowners and that only misery resulted.

Victory came with the repeal of the corn laws in 1846 and with that victory came a consolidation of Bright's followers into the Liberal party. That was the foundation of the Liberal party. If there are any in this house today who think the Liberal party should not support the fight against this ban, let them think what John Bright would say if he were a member of this house; John Bright, the father of the Liberal party, John Bright who, by his lifelong devotion to high principles and by his moral courage, swung millions into the ranks of the Liberal party, the John Bright who today after one hundred years is still the brightest and clearest star in all the Liberal firmament.

If he were here today he would stand up and denounce this ban with the same fiery denunciations which he used in his fight against the corn laws. The extraordinary thing about it all is that he could use the same speeches which he used against the corn laws, with which he swayed Britain, changing scarcely a word. Liberalism today needs more than high principles; it needs deeds and actions motivated by those principles. Here is an opportunity for such action. Every Liberal who gets up and votes against this ban is, I contend, reaffirming the faith of his fathers.

If there are Liberals who will stand up here and speak and vote for the retention of this special privilege, they too are reaffirming the faith of their fathers, their very distant forefathers who were members of the long dead Whig party, the last political party which believed, not in freedom of trade but in restriction, not in the general good but in special privileges for their friends, not in the plight of the masses but in the special advantages sought by their own classes.

In summation, I submit that the present ban is unconstitutional in law, economically unsound, socially indefensible, morally reprehensible and in opposition to the political principles of every party in this house. It is a ban conceived in a mean and selfish spirit and, like most evil things, it has spawned an ugly brood which we see around us today—exorbitant profits being made on butter by speculators while the poor go without, a butter black market, butter sold at exorbitant prices or as a premium to force the sale of unwanted goods, bad butter sold as No. 1 butter. And there is a hint that two yet uglier progeny are still to come—the deliberate and cynical evasion in spirit of the Geneva agreements and the violation of the pact of confederation; all these things to be borne so that, in the words of a minister of the crown, "the dairy industry may be left undisturbed."

However, this Augean stable needs no Hercules to clean it. All that is necessary is the votes of members of this free parliament to whose high principles and good judgment I now commend this bill.

Mr. EUGENE MARQUIS (Kamouraska): Mr. Speaker, as a Liberal member I rise to put on the record a few remarks in opposition to this bill. First I should like to refer to a declaration made by the hon. member for Vancouver North (Mr. Sinclair) a few moments ago, that the ban on oleomargarine was put on to protect a selfish group in this nation. I wish to protest against such a statement about the farmers of this country. The farmers of this country do not put money in their own pockets. They put money in the pockets of the people of the cities and food in their mouths.

Since the origin of colonization and agriculture in the different countries of the world, nature has provided for a specific production in each of them. The climatic and geographic

conditions, as well as the nature of the soil, have always had a direct influence on the kind of products to be grown.

Rice, tea, coffee and olives would not grow under our Canadian climate. Nobody would encourage the cultivation of bananas, oranges, grapefruits or nuts of any kind in the northern part of the American continent. Our people would not believe their eyes if they suddenly saw hippopotami, elephants, rhinoceroses, giant snakes and monkeys, lions and tigers or other animals of the African jungle, invading our nice St. Lawrence valley, and driving away our peaceful milch cows.

The first settlers of this land and their successors devoted their lives to organizing the dairy industry in Canada. The first milch cows were imported here in 1606. This first experiment did not succeed, but in 1636 other herds of cattle were brought in, and this time cattle raising was definitely established.

At the beginning, herds were so small that they supplied milk only for their owners. But further importations and breeding have been developed to such an extent that in 1946 there were nearly 4,000,000 milch cows in Canada, of which over 1,000,000 were in the province of Quebec.

In 1946 milch cows produced in Canada 16,937,028,000 pounds of milk, which have been used as follows: 325,591,000 pounds of butter; 148,060,000 pounds of cheese; 362,005,000 pounds of concentrated milk; 15,783,000 pounds of ice cream and 4,547,637,000 pounds consumed in its natural state as milk and cream.

Without taking into consideration what is consumed by the farmers, the cash income thus resulting from sales at home and abroad totalled, for the same year, $285,604,000.

Our green and rich pasture growing meadows, valleys and prairies are naturally appropriate for the raising of milch cows which supply milk and meat to the people. Each year part of the livestock is slaughtered for the butcher trade and replaced by better grade cattle, thus improving the quality of cattle. This industry can be largely developed. The raising of cattle and the production of milk can be increased by at least one-third. If we consider that about 15,000,000 acres of new land can be tilled and that more than 10,000 old abandoned farms could be exploited, we may easily arrive at the conclusion that an increase of one-third is not an exaggeration. Is it not easy to believe that with the cultivation of old and new farms, the improvement of the soil and of the cattle, and with new scientific methods of farming we may secure for this country such a surplus of livestock and milk products either for home consumption or for export sales?

Having in mind the amount of money invested in livestock, in buildings and in equipment of all sorts for the maintenance of cattle, and for the production of milk, butter, cheese and evaporated or concentrated milk, we realize that the economy of Canada is intimately linked with the dairy industry and that any policy tending to facilitate the importation or fabrication of oleomargarine would seriously impair our economic structure.

Representing a farming constituency, I am aware of the sacrifices made by our people in modernizing their dairy industry, by improving the quality of their herds of cattle and establishing well equipped butter and cheese factories, many of them managed and operated by co-operatives. Any attempt to bring in an artificial product would surely disrupt the stability of the farming industry in our country, in our province and particularly in our region.

In this post-war period of reconstruction, I do not think artificial methods of production should supersede natural ones. During the war, artificial means were resorted to for supplying the needs of the armed forces and civilians in the devastated areas. Synthetic food has been manufactured to meet a deficiency of natural food. But this was done in extraordinary circumstances, for the supply of people in need, not for those who can have a sufficient production for their maintenance.

In our province, the nature of the soil, the climatic conditions, the farming organization and the necessity of complying with national and international demands, oblige our farmers to stick to the animal industry.

Let us suppose that a synthetic pill could be made to replace bread. What would happen to wheat? Would the wheat growers who contribute so much to our external trade discontinue or decrease their production? Would they grow cotton-seed, soya beans, corn and peanuts instead of wheat? Mr. Speaker, I now move the adjournment of the debate.

(Translation):

Mr. GEORGES H. HEON (Argenteuil): Mr. Speaker, before you call it nine o'clock, could I ask my hon. friend a question? Would the hon. member tell me the source of the figures and statistics he quoted?

Mr. MARQUIS: They are from the Department of Agriculture and the Canada Year Book.

Mr. HEON: Would you repeat, please?

(Text):

On motion of Mr. Marquis the debate was adjourned.

Mr. SPEAKER: The hour for private bills having been exhausted the house will revert to the business before it at six o'clock.

VOCATIONAL TRAINING

EXTENSION OF 1942 ACT TO UNEMPLOYED PERSONS NOT APPLICANTS FOR UNEMPLOYMENT INSURANCE

Hon. HUMPHREY MITCHELL (Minister of Labour) moved the second reading of Bill No. 202, to amend the Vocational Training Co-ordination Act, 1942.

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

On section 1—Projects the minister may undertake.

Mr. McKAY: The explanatory note says that the amendment will permit training for employment to be provided to unemployed persons in suitable cases. What is meant by "suitable cases"? Is age a factor, and, if so, what age would the minister consider the maximum at which training would not be considered wise?

Mr. MITCHELL: I could not catch my hon. friend's question very well on account of the noise in the chamber, but I think he spoke of age and suitability. The age is sixteen. The suitability is arrived at in each case by the provincial and dominion authorities in co-operation.

Mr. CASE: While no objection can be taken to the desire to train and equip men to meet the problems of life, I should like to make sure that there is no coercion or direction or regimentation intended by any part of this bill but that the men will have the right to decide for themselves whether or not to pursue a certain course. If so, I think it is all to the good. I am constantly trying to fortify myself in the determination not to be a party to the acceptance of any socialist regimentation or planned economy. Will the minister say that there is nothing compulsory in the bill?

Mr. MITCHELL: It is voluntary.

Mr. McKAY: In the last part of the clause it is indicated apparently that persons not insured under the act will be eligible for training for employment. I think I am correct in that.

Mr. MITCHELL: That is a correct statement.

Mr. McKAY: Where is the line drawn? How may persons qualify, and who determines the right of the individual to take the training course? A good many people come under the scheme, as we are aware.

Mr. MITCHELL: Over 3,000,000 workers in Canada come within the jurisdiction of unemployment insurance. I gave that figure last night. They must, however, have been gainfully employed, and selection is made by the provinces in co-operation with the dominion authorities.

Mr. McKAY: That is one of the qualifications. They must have been gainfully employed before they qualify.

Mr. MITCHELL: Yes.

Mr. BENIDICKSON: Does this require provincial participation, as in the case of other forms of vocational training?

Mr. MITCHELL: Yes. It is all predicated on provincial participation on the basis of a fifty-fifty contribution by the dominion and the provinces, with the exception of the training of soldiers, which is carried 100 per cent by the dominion in training and apprenticeship training.

Mr. GREEN: Would it be possible, with this amendment, to give training to veterans of the first war, by way of rehabilitation? As pointed out to the Minister of Veterans Affairs the other evening, there is no provision at the present time in the veterans legislation for the rehabilitation of veterans of the first war. Many of these men are now about fifty, and I am informed by officials in Vancouver that they would benefit greatly by receiving training. Will the Vocational Training Co-ordination Act as amended be broad enough to cover these men?

Mr. MITCHELL: Yes, on a fifty-fifty basis with the provinces.

Mr. GREEN: Are the two dominion departments working together with regard to these men—the Department of Labour and the Department of Veterans Affairs? I suggest to both ministers that there is a great deal of work to be done there.

Mr. MITCHELL: Yes. We work closely with the provinces. The Department of Veterans Affairs and the Department of Labour co-operate. We have drawn upon our experience over a period of many years, in war training, in the training of mechanics for the army, the navy and the air force, and the

purpose has been to avoid duplication by using the experience of our department gained over the years.

Mr. GREEN: There would be no benefits payable to men taking training?

Mr. MITCHELL: The usual allowance is paid civilian trainees.

Mr. GREEN: The usual allowance is paid?

Mr. MITCHELL: Yes.

Mr. ROSS (St. Paul's): Suppose a particular field is overcrowded and unemployment ensues, is this intended to train men in some other art or skill?

Mr. MITCHELL: We try to train men for employment that is available. It is not much use training a person if you know beforehand that when he has completed the course there will be no employment opportunities for him.

Mr. ROSS (St. Paul's): Let us take one trade by way of illustration. Suppose you had an overabundance of bricklayers. I am not suggesting for a moment that it is so; this is merely an illustration. Suppose, however, there is no possibility of men getting work in that trade; rather than have them idle, the purpose of the bill is to train these people for some other art or skill. Is that correct?

Mr. MITCHELL: That is correct.

Mr. KNIGHT: Last year there was drawn to my attention the case of a girl who had never worked in the sense of being employed away from home, though she did work at home where she helped. She made application for entrance into a course, and there was some doubt at that time whether she could be admitted in view of the fact that she had never been gainfully employed. Will the minister comment on that case in the light of the proposed legislation?

Mr. MITCHELL: It has been agreed that where girls work in their homes they should receive training. A girl may stay at home until she is twenty or twenty-five; I will not go any farther than that. I see my hon. friends smiling.

Mr. CASE: The question we are considering is the fitting of unemployed persons for gainful employment. Suggestions have been made—I do not know how true they are—that people who are unemployed and are not specially equipped to earn their living have entered into courses of this kind; yet after they have only partly completed their course the fund, or whatever provision is made for such persons, is exhausted and they cannot complete the course. If an unemployed person decided that he would like to go in for some particular vocation, and you are prepared to fit him for gainful employment, will the provisions of the act ensure such a person going through and not being cut off midway in his course?

Mr. MITCHELL: Provision is made for such persons to complete the course.

Mr. CASE: Thank you.

Section agreed to.

On the title.

Mr. MITCHELL: I wish to put certain figures on the record. If there is no objection I can put them on *Hansard*. One set deals with assistance under the money expended by the dominion and the provinces and the other deals with the number of schools and buildings in the different provinces. These are the figures:

Vocational Schools' Agreement Dominion Capital Allotments

Province	Buildings	Equipment
Prince Edward Island	$ 61,500	$ 20,500
Nova Scotia	378,225	126,075
New Brunswick	324,750	108,250
Quebec	2,354,550	784,850
Ontario	2,273,625	757,875
Manitoba	492,000	164,000
Saskatchewan	643,650	214,550
Alberta	525,150	175,050
British Columbia	446,550	148,850
	$7,500,000	$2,500,000

Vocational Schools Assistance Agreement

Financial assistance given to provincial and municipal vocational schools.

Total 257.

Prince Edward Island	1
Nova Scotia	3
New Brunswick	31
Quebec	55
Ontario	42
Manitoba	3
Saskatchewan	50
Alberta	11
British Columbia	61

Assistance for 107 new vocational school buildings as follows:

Prince Edward Island	1
Nova Scotia	3
New Brunswick	8
Quebec	28
Ontario	11
Manitoba	15
Saskatchewan	29
Alberta	6
British Columbia	6

Estimated total payments for new vocational schools up to 1952, dominion $7,780,000, provincial $9,160,000, municipal $13,000,000.

Estimated total payments for capital equipment up to 1952, dominion $2,280,000, provincial $2,600,000, municipal $2,000,000.

Mr. BENIDICKSON: Are those the figures for the past year?

Mr. PROBE: Can the minister indicate whether those figures are broken down on the sharing of administration costs with the provinces, or can he give an explanation as to what is done about sharing the cost of administration in respect of training?

Mr. MITCHELL: There is no administration cost in connection with buildings.

Mr. PROBE: I am talking about training. Who pays the administration cost of the training programs? Is that cost divided between the provinces and the dominion?

Mr. MITCHELL: We do not pay administration costs. They pay the costs.

Mr. PROBE: And they do not bill the dominion for a portion?

Mr. MITCHELL: No.

Mr. BENIDICKSON: Have all the provinces indicated that they propose to participate in the extension of the vocational training program?

Mr. MITCHELL: Yes.

Mr. BENIDICKSON: I have not been able to obtain a copy of the annual report of the Canadian vocational training section for 1946-47, but I notice from the report of 1945-46 that, in spite of allocation by the dominion of certain sums of money, several of the provinces have not participated by any means to the extent of the allotment made to them. Is there anything in the nature of an allotment in connection with this program?

Mr. MITCHELL: Yes. The plan naturally did not go into high gear under war conditions. The provinces have taken up their allotments since, in the last twelve months. Those figures will be on the record.

Title agreed to.

Bill reported, read the third time and passed.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS RESPECTING CONTRIBUTIONS, PROCEDURE, OFFENCES AND PENALTIES

Hon. HUMPHREY MITCHELL (Minister of Labour) moved the second reading of Bill No. 203, to amend the Unemployment Insurance Act, 1940.

Mr. STANLEY KNOWLES (Winnipeg North Centre): May I say, Mr. Speaker, that we over here in this group are quite prepared to allow this bill to be given second reading now, if there is no debate on it. But we would appreciate it if, as soon as we go into committee, the minister would be good enough to move that we rise and report progress. After all, we have had the bill for only a couple of hours, and it is a rather important one.

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

Mr. MITCHELL: I move that the committee now rise, report progress and ask leave to sit again.

Mr. KNOWLES: Thank you.

Progress reported.

RAILWAY GRADE CROSSING FUND

INCREASE IN AMOUNT TO BE APPROPRIATED FOR NINE YEARS FROM APRIL, 1948

The house resumed from Monday, April 19, consideration of the motion of Mr. Chevrier for the second reading of Bill No. 201, to amend the Railway Act.

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

On section 1—Appropriation for highway crossings.

Mr. CASE: I have not a copy of the bill before me. I do not know where it is. Before I would be prepared to accept section 1, I want to ask the minister if this bill has anything to do with the debate that has been in progress for some time in the House of Commons.

Mr. CHEVRIER: It has not.

Mr. CASE: That is fine. Thank you.

Mr. CHURCH: I understood that this Bill No. 201 was not to come up tonight, and I left my papers in my office. But I want to point this out to the minister regarding Bill No. 201, to amend the Railway Act. The minister proposes to spend half a million dollars this year. According to the return which he brought down in the house in answer to questions I asked away back last February—and as I say, I have not my papers here—a small amount was spent. These grade crossings are taking a great toll of life in this country at the present time. For the minister to propose such a small amount, only half a million dollars, for all the level crossings in this country is inadequate. It amounts to almost nothing. Ontario did not get anything.

I am sorry I have not the return here, because I was told that the bill was not coming up tonight. I am not objecting to its coming up. I want to say this. We have some of

the most dangerous crossings in Canada in our city of Toronto. There is one at Jones avenue in ward I. The railway commission went there and looked into that dangerous crossing, near Riverdale collegiate and some other schools. There was nearly a calamity there. What did they do with the money? After the city started the work and the railway commission had ordered it, they took it away out in the county of York; they built the crossing at Victoria avenue, away out in the county of York.

I want to point out to the minister that a small sum of money like that is inadequate; it will do almost nothing to alleviate the great dangers caused by these various crossings in Canada. A number of people have been killed at these crossings. There should be an amendment to the criminal code to provide a penalty for people who do not stop, look and listen before going over a crossing. There should be a fine.

What have we got? The province of Ontario contributes to railways a large sum of money from the taxes. I wish I had my papers here but I have not. However, a return was brought down, and it showed an amount that is not worth a snap of the fingers when it comes to saving life at these dangerous crossings.

In our city we are assessed one-third of the cost of the Toronto viaduct, although the city had no liability because the municipal roads were through there long before the railway came. But we were assessed something like a third of the cost of it. It was a $40,000,000 work and the city paid one-third of it. We got grade separation which cost the Toronto taxpayers several millions.

This is a very small sum of money, half a million dollars, to be voted for the thousands of grade crossings in this country. When you consider the toll of life at these level crossings, it is an appalling thing. Who orders these grade works? Application has to be made to the board of transport commissioners before an order can be made. Then you have a long inquiry, and all that kind of thing. I venture to say very little will be done about the matter this year.

I should like to hear from the minister as to to the program in view under this Bill No. 201, and how much of this half million dollars will be voted to the various provinces to cope with this great danger. We have several very dangerous crossings in our city but not a cent has been spent on them. Five or six mills on the dollar are paid by the taxpayers of Toronto for purely federal burdens, but we get nothing at all in return; and this is only part of it. It is in Ontario that these railways make a great deal of their money, but we do not get anything back. I should like the minister to say how much has been spent since the start of the war on this grade separation work, by provinces. This amount used to be $200,000; now it is raised to $500,000, but that is nothing at all. We might as well strike out the vote altogether as attempt to solve this problem of grade crossings throughout Canada by the voting of a half million dollars.

In view of the heavy loss of life, it seems to me too bad that we cannot do something to remedy the situation. I should like the minister to tell us what is the policy of the government in connection with the removal of these death traps of grade crossings, and how many were covered in his survey. Then I think he should tell us where the money is to be spent. I believe the committee is entitled to hear something about it. What is the policy of the government; what has been spent, and where?

Mr. CHEVRIER: The hon. gentleman has asked how much will be voted to the various provinces out of the sums we are discussing this evening. That will depend upon the applications made by public bodies, municipalities and others in the various provinces. The board of transport commissioners does not approve projects by provinces as such, though it is a fact that over the years the provinces have received proportionate amounts from the grade crossing fund.

I should like to remind the hon. gentleman that this is not the only money voted for grade crossing elimination. Many votes have been directed from time to time toward the elimination of grade crossings. The hon. gentleman has asked how much has been spent since the beginning of the war. Unfortunately I have not that figure, but I have the figure as to expenditures for protection at highway crossings since the fund was established in 1909 to the end of January, 1947. During that period of time some $43,975,000 has been spent, of which $11,837,000 was voted out of the grade crossing fund, $15,507,000 was paid by the provinces and municipalities, and $16,431,000 by the railways. The expenditure by provinces was as follows:

Ontario	$5,901,000
British Columbia	774,000
Alberta	393,000
Saskatchewan	639,000
Manitoba	346,000
Quebec	2,737,000
New Brunswick	300,000
Nova Scotia	721,000
Prince Edward Island	22,000

Mr. KNOWLES: I should like to say a word in support of the contention of the hon. member for Broadview that the government should consider making a larger contribution to this fund in order that faster progress may be made in the elimination of grade crossings.

However, my purpose in rising at this moment is to ask the minister whether any provision has yet been made for the elimination of the grade crossings on Talbot avenue between Winnipeg and Transcona. The minister and I have had correspondence concerning this request, which I presented to the minister on behalf of the Elmwood home and school association of Winnipeg, which is particularly interested in the matter. I would point out that this is a busy thoroughfare, connecting as it does the city of Winnipeg with the rather large railway centre of Transcona; and the people in the area concerned are hoping that it will not be too long until this grade crossing is eliminated. In fact there are two grade crossings, one on the Molson cut-off and the other on the East Selkirk branch of the Canadian Pacific railway.

In the course of my correspondence with the minister he indicated that some estimate had been made as to the cost of doing this job, and in his letter of October 3, 1947, he said that in appropriate cases contributions could be made from this fund by the board of transport commissioners up to forty per cent of the actual cost of construction but not exceeding the amount of $100,000 for any one project.

As a supplementary question I should like to ask the minister whether those two provisions, the forty per cent regulation and the $100,000 limit, still stand. My main question is, of course, whether or not consideration is being given to the elimination of the grade crossings to which I have referred.

Mr. CHEVRIER: In reference to the first part of the hon. gentleman's question, the answer is yes; namely, that in any project brought to the attention of the board by way of application, the board cannot order to be paid out of the grade crossing fund more than forty per cent of the cost, and in any event the contribution shall not exceed $100,000 for any one project.

Mr. KNOWLES: Is that in the act?

Mr. CHEVRIER: That is in the act. The board may afterward distribute or apportion the remainder of the cost between the applicant and the defendant. For instance, if the applicant is a rural municipality, or as in this case the city of Winnipeg, having regard to all the circumstances the board may apportion the remainder of the cost between the applicant and the railway company.

In the particular case to which the hon. gentleman refers I am not aware that an application has come forward to the board. Unless it does, the board cannot deal with it. I do not remember in detail the letter the hon. gentleman mentions, though I recall having had correspondence with him. In that correspondence I presume I pointed out to him the sections of the Railway Act concerning an application, but if I did not perhaps I should have said to him that unless an application is made to the board there is no power to decide upon its merits.

Mr. KNOWLES: May I ask the minister whether the board of its own motion, or the minister's department of its own motion, surveys the situation and lines up crossings such as these I have mentioned, which might come up for consideration? If so, can he tell me whether this one is on the list?

Mr. CHEVRIER: The department can indicate to an applicant or to a member who is interested in a particular grade crossing separation that the member or applicant should make an application to the board, but unless the application comes squarely before the board the minister or his officials have no authority to determine that a grade crossing shall disappear.

Mr. KNOWLES: Has the department no power to make a survey in this matter, and to tell us the result of such a survey?

Mr. CHEVRIER: There is no machinery in the department for that. Perhaps what the hon. member has in mind may be that some time ago the board of transport commissioners made a survey of projects which might be given consideration.

Mr. KNOWLES: That is right.

Mr. CHEVRIER: That was made; but there are many projects of that kind, applications for which have been brought to the attention of the board. And when I say "many" I mean it in that sense; there are a substantial number of them. The board, of course, do that on request. I think at the time the request was made by the Department of Reconstruction and Supply, so that there would be on the shelf a list of projects of a public nature upon which certain sums of money might be expended when the need arose. But those are not the same in nature as applications made directly to the board, and would not warrant a payment out of the

grade crossing fund, unless a specific application had been made in a particular case. So that to deal with my hon. friend's case I would say that if he is interested in it he should indicate to the city of Winnipeg that, through their solicitor, they should make an application to the board.

Mr. KNOWLES: I understand the procedure the minister is outlining. Is the survey to which he has made reference public?

Mr. CHEVRIER: It is not.

Mr. KNOWLES: That is too bad.

Mr. LENNARD: Several sessions ago the hon. member for Calgary West suggested at some length that it should be made compulsory for vehicles to come to a stop at level crossings and that signs, instead of reading, "Look and listen" should read "Stop, look and listen", and that those signs should appear at all level crossings in Canada. This evening the hon. member for Broadview suggested that that people who did not come to a full stop before crossing at a level crossing should pay fines. Would the minister say whether any progress has been made in this direction?

Mr. CHEVRIER: Yes, much thought has been given to that suggestion by the board of transport commissioners, but they have not seen fit to recommend an amendment to the Railway Act in the terms specified by the hon. member.

Mr. CASE: I do not suppose it is the intention of the minister to attempt in any sense to deal with each individual case. What I am particularly interested in is the increase in the amount to be appropriated for the railway grade crossing fund to $500,000 in each year for nine years from April 1, 1948. In a few moments I shall ask my question based upon the statement I have made.

First of all, however, I should like to frame my questions so that the minister could answer at one time. I understand that the appropriation is not necessary for only government railroads; it has to do with all railway lines in Canada.

Mr. CHEVRIER: Yes.

Mr. CASE: In the second place, I have no particular objection to the proposed subsection which gives a telegraph or telephone company power to expropriate land required in order to comply with an order of the board made under subsection 6. That is to say, the power of expropriation provides that the company may utilize certain lands for purposes of placing their wires underground. I am anticipating the time when the Bell Telephone Company, or other communications systems, would probably have their lines of communication underground. In the first instance, this may be more costly, but their costs of upkeep would be much less. So I would read into this section—and I wish the minister to clarify it—that the lands that a telegraph or telephone company may expropriate would be for this purpose.

We find in the explanation that subsection 6b enables the board, on application of the municipality or land owner, to permit drainage or the laying of pipes through, along, upon, across or under any telegraph or telephone lines. And it states that the amendment to subsection 7 is required by the new subsection 6b.

Perhaps the minister would clarify in my mind the matter of expropriation of land. He might be inclined to comment on the new subsection 6b, and then answer my final question: How does he arrive at the figure of $500,000 a year for each of nine years? Are representations made to him? Does he budget in anticipation, or how does he arrive at that figure?

Mr. CHEVRIER: To deal with the last question first, there has been paid into the railway grade crossing fund under the Railway Act the sum of $200,000 a year for three ten-year periods since 1909.

Mr. CASE: By whom?

Mr. CHEVRIER: By parliament. Parliament voted $200,000 a year for three periods of ten years. That went on from 1909 until 1939, at which time, because of the war, payments were discontinued. Perhaps I should not say that payments were discontinued; the fact is that they expired in 1939 and parliament did not provide any further appropriation during the war years.

Last year, 1947, the provision was for $200,000 for a period of ten years. One of those payments has been made into the grade crossing fund. But because of the large number of applications now before the board, the board has recommended and the government has agreed with the recommendation, that there be an amendment which would provide that an additional sum of $500,000 be paid annually into the grade crossing fund. So that is why we are asking for the increased amount for nine years, instead of $200,000.

Mr. CASE: It does not have anything to do with any particular railroad?

Mr. CHEVRIER: No, not the slightest. I wonder if we might permit the other questions to stand until we reach that part of the bill. We have not yet disposed of the first section.

Mr. CHURCH: I call the attention of the minister to an important departure in the bill before us. In a return filed on February 4, the minister gave some information regarding grade separations throughout Canada. The amounts of money spent on grade separations in Canada is listed by provinces at page 857 of *Hansard*. In his reply to the question, the minister states:

The board of transport commissioners advise as follows:

Contributions were made from the railway grade crossing fund towards the cost of grade separations as follows:

Province of Ontario

Order No. 69945, dated December 18, 1947. Overhead bridge over Canadian Pacific railway at Pacific avenue, Fort William, Ont., $94,400.

Order No. 69950, dated December 18, 1947. Pedestrian subway under Canadian Pacific railway at McTavish street, Fort William, Ont., $29,600.

Province of Quebec

Order No. 69418, dated August 29, 1947. Subway under Quebec Central railway at Sharpe's Crossing, city of Thetford Mines, Quebec, $23,200.

Order 69419, dated August 29, 1947. Subway under Quebec Central railway at Johnson's Crossing (Mooney street), city of Thetford Mines, Quebec, $26,560.

Total amount, $173,760.

There was no contribution toward grade separation in the other provinces.

The next section deals with the consent of the municipality. The city of Toronto paid one-third of the cost to build a viaduct across the waterfront at a cost of some $15,000,000 to the city in order to eliminate level crossings. The city paid one-third and each of the two railways paid one-third. I asked the following question re grade crossing votes for 1947 to which the minister replied as follows:

1. What sums of money have been spent on grade crossings in Toronto city during the year 1947, and where?

2. Are any projects in that city proposed for the elimination of the level crossings at (a) Jones avenue; (b) Greenwood; (c) Woodbine avenue?

Mr. Chevrier: The board of transport commissioners for Canada advise as follows:

1. No contributions were made from the railway grade crossing fund towards crossing protection in the city of Toronto during the year 1947.

2. Applications are before the board for grade separations at (a) Jones avenue (b) Greenwood; (c) Woodbine avenue.

The railway grade crossing fund as provided for in section 262 of the Railway Act is not allocated to any specific city or place except as specifically directed under order of the board of transport commissioners from time to time.

That is all the money they spent on grade separation. I should like to point out one important thing. Suppose this space between the desks was a highway. The railway commission come along and pass an order under this new bill, No. 207. A new state of affairs is proposed for ten years, and I think it starts on a very good day, on April 1, 1948, April Fool's day. That is all it is. They propose to assess the municipality for removal of poles and services when a railway wants to change a right of way and the railways want to enter on or change a line. And along comes the railway commission and assesses them for pole removal. I contend that this is illegal under the Railway Act and under the British North America Act. The city streets often were there before the railway came. Only one city has contributed to this before; that is the city of Toronto which contributed $15,000,000 in connection with the waterfront viaduct matter.

The Canadian Pacific Railway Company were given a right of way along the Don river from Leaside right to the waterfront for $600 a year. That was many years ago, long before I was in the council. The Railway Act should be revised every ten years. Just now it is a dead law, as we found out the other day.

I raised this same matter in 1917, 1918 and 1919, the last year the Railway Act was consolidated. We were howled down, Sir Adam Beck and I, before the railway committee in 1917. We proposed that if a railroad came in, along, on, over or under a highway they would have to obtain the consent of the municipality before entering thereon. Railways had first to secure municipal consent. Those proposals of ours were inserted in the Railway Act away back in 1917, 1918 and 1919.

What are they doing now? If poles are removed the municipality will be assessed part of the cost. This vote of half-million dollars is only pin-money and more people will be killed if this bill goes through the house. I am surprised that the government, with such large sums of money to squander all over the seven seas, does not vote more money under this act.

Mr. GRAYDON: The minister might well take into consideration a more general policy with respect to the grade crossing fund than has been evolved by the government. This looks to me like a continuation of the piecemeal legislation which was brought down year after year prior to 1939. There does not seem to be much improvement. There does not seem to be much imagination used in connection with the thing which concerns the public; that is, railway crossing accidents and safety measures generally.

This measure in essence attempts to bring the act up to date for several years, but I do not think that is good enough. I should like

the minister to take into consideration one or two facts. During the war years a return was made, I believe at the instance of the hon. member for Broadview who has just spoken, which showed that there were more people killed in Canada in highway accidents than had been killed during the war. That seemed to me to be a stunning and appalling situation.

Nowadays we have the condition where highways and railroads intercept and in many instances cause danger traps of the worst order and render the safe passage of either the vehicle or train open to question. At times even the provision of every safety measure known is not sufficient to overcome the difficulty that one finds where certain highways intercept railroad lines.

An application has been made in connection with a grade crossing separation at the south end of my constituency near Port Credit, where No. 10 highway and the Canadian National line from Toronto to Hamilton intercept. At that crossing not only do they have a bell and gates, but there is a watchman in attendance. But even with all that protection, the municipality of Port Credit feels, and I think rightly so, that there should be a grade separation. I have no doubt that when the province and the railway and the board of transport commissioners meet the matter will be given full consideration, and I hope that, after a review of the circumstances, something will be done.

I am sure that nearly every hon. member knows of danger traps in his own constituency which sooner or later will mean the loss of lives of innocent people travelling on the highway. We must remember that the Railway Act was passed many years ago. The conditions which governed in those days were quite different and distinct from the conditions which exist now with regard to highway travel. It is difficult for one to conceive that what existed at that time in the way of necessity for legislation could possibly be applicable in the same fashion today.

This is a paltry sum, $500,000 a year. It would not be enough to take care of one major grade separation in each of the provinces in any one year. That gives one food for thought and should cause the government to consider whether there should not be some more effective means of dealing with this highway menace across the dominion. Nothing strikes the public imagination more than the fatalities that take place at these crossings which are so dangerous to life today, and some speedier method ought to be developed of eliminating at least some of the outstandingly dangerous crossings in the dominion.

[Mr. Graydon.]

I was interested in what the hon. member for Winnipeg North Centre said in connection with the grade separation which he considered essential in his own city of Winnipeg. That may be so. But in answer to what he had to say, I think we may say this much in favour of the board of transport commissioners, that it does not take very much in the way of a resolution from a municipal council or some other public body to be regarded by the board as an application for a grade separation. I have not found in my experience that it is difficult to get the machinery moving for an inspection at least of the grade separation in question, but that does not mean, of course, that in all cases speedy action will be taken by the board.

In conclusion, I would say that the board of its own motion or the government ought to make a survey of the situation at the earliest possible moment with a view to making a dead set against some of the death traps still abroad on our highways where they intersect the railway right of way and which are haunting the motorists of Canada today. I do not think in this parliament we could spend our money to better advantage than in trying to save the lives of some of our best citizens who from time to time are removed from us in just this way. I commend to the minister that he take into early consideration more effective means of trying to eliminate some of the major causes of these fatalities, past, present and future, in the dominion.

Mr. BENTLEY: I am not very familiar with this act or with the amendment and I am seeking information. I have had sufficient experience, however, to make me curious and to feel a sense of responsibility in what I am about to ask. First, does this $500,000 which is being appropriated for the fund each year for the next five years have to be all expended in any one year?

Mr. CHEVRIER: It has not to be expended in any one year. It depends on the number of applications and on the inspections.

Mr. BENTLEY: Anything left over at the end of the year goes back into the fund and a new appropriation is sought.

Mr. CHEVRIER: That is right.

Mr. BENTLEY: The village of Herbert, now the town of Herbert, some years ago had a grade crossing just east of the town, which was considered a good enough place at the time, but in view of developments it is felt that it should be moved further east or that

a new one should be built. Is it possible for the same place to apply again when new conditions arise?

Mr. CHEVRIER: Yes, the municipality can make a further application.

Mr. BENTLEY: It must be the municipality? A small body of citizens affected would not be considered a proper source from which the application should come?

Mr. CHEVRIER: It need not be the municipality necessarily. Anyone interested may make application, but if they do, the application will be served on the municipality, which in the final analysis will have to pay a portion of the cost and which must be given an opportunity of saying whether they are willing or whether they object.

Mr. BENTLEY: In that case 40 per cent of the cost is paid out of the fund and the other 60 per cent is apportioned by the board of transport commissioners?

Mr. CHEVRIER: The other 60 per cent may be paid by the municipality or by the railway, according to the decision of the board.

Mr. ROSS (St. Paul's): I do not think we have received sufficient information from the minister as to whether this $500,000 is sufficient. I should like to know how much there is now in the grade crossing fund. I should also like to know how many fatalities and accidents there have been at grade crossings in each of the last three or four years. There is more than one class of persons interested in grade crossings. In addition to motor and other vehicular traffic, there are the passengers on the trains, and one class in particular which has not been considered at all is the railway employees. The anxiety of the engineer and fireman on a train approaching a dangerous crossing must be terrific. The train has to follow the rails and cannot avoid an accident by getting out of the way. I think that $500,000 for grade separation is just a drop in the bucket.

I also think a great deal more could be done in protecting the crossings. I do not think nearly enough warning is given. I know there are signs posted up along the highway, but people get used to them and do not bother about them. You sometimes see signs saying, "Slow down to twenty miles an hour". I do not know whether it is within the jurisdiction of the federal parliament, but I would ask the minister whether we have power to fix the rate of speed at a railway crossing. I do not know whether you can make them stop or not, but it would be a good thing to have something like that. It is tragic to see the loss of life at railway crossings week after week. There is an exodus of motor traffic every week end from the city of Toronto into the country and you continually hear of people being killed at level crossings. I do not know how the minister values life, but it is said that a young person is worth $30,000 to the state, and at that rate it would not take many fatal accidents for the country to lose more than $500,000 in a year.

The minister should give us more facts. I should like to know what precautions are being taken to prevent these fatalities which are taking place week by week. What is being done to educate the public? It is not simply a matter of having grade separations, overhead bridges, and so on, because in a country the size of Canada it is impossible to eliminate all our grade crossings. A lot more could be done than is being done by the railways themselves, and a lot more done in the way of education of the public.

Take the Bell Telephone Company. On the back of their trucks they have this sign, "This vehicle stops at all railroad crossings." I stop at all railroad crossings, but sometimes one is apt to forget. The other day I saw a letter in the paper, in the form of a warning to a man and his girl who had been driving in a motorcar. It was something to this effect: "You were one second away from eternity, but don't think it was only you for whom we were concerned. You ought to thank heaven you were not killed, because you were not watching; but don't think it was only you we were worrying about. We were worrying as much about ourselves as about you." I should like to have more information from the minister regarding the whole subject.

Mr. CHEVRIER: The amount in hand in the railway crossing fund, as of February 6, 1948, was $206,523. The speed at which motorcars may travel when approaching a level crossing is governed by the highway traffic act of the province in which the crossing is situated. Fatalities that have taken place in 1947 or in any other year will be found in the annual report of the board I tabled some weeks ago, and the number of devices for protection, such as wigwags and other mechanical contrivances, which are from time to time ordered by the board of transport commissioners, will also be found in the annual report of the board, which is an extensive document.

Mr. ROSS (St. Paul's): What I wish to know is whether the board of transport commissioners is getting results. What is it doing in co-operation with the provinces? Has it said to the provinces, You ought to do so and so; you ought to have your speed limit

reduced, and so on. Are the fatalities increasing or diminishing? That is the point. The minister says there is only $200,000 or thereabouts in the fund at the present time. With all the work that has to be done across the country, that does not seem like anything at all.

Mr. CHEVRIER: The board, I am informed, is in constant communication in these matters with the public authority having to do with traffic over provincial highways, be it the department of highways in the province or the public body that acts in lieu of that, and the board has received excellent co-operation from these bodies in the provinces.

Mr. ROSS (St. Paul's): One word further. I think the general public can look after themselves to a certain extent. They should be able to do so. The people for whom I am speaking particularly are those men in charge of trains, and I think everything that can possibly be done to protect them should be done.

Mr. CHEVRIER: I may tell the hon gentleman that annually the government receives representations from railway brotherhoods with reference to amendments to the act. I believe that last year the majority of the amendments brought in were at the suggestion of the brotherhoods. The first section of the bill, having to do with the $500,000, is one which has been approved by the brotherhoods over a period of time.

Mr. GREEN: The question I wish to ask the minister has to do also with railway trainmen. What power has the government or the board of transport commissioners to direct the installation of safety devices? As the minister knows, I showed him the other night a letter from a ladies' auxiliary to one of the lodges of the brotherhood of railroad trainmen, pointing out that there had been within the last seven months, in the Kamloops district in the interior of British Columbia, four slides, two clay slides and two rock slides, in which five trainmen were killed and others injured. The auxiliary requested that directions be given for the installation of automatic blocks and also what is known as slide detector devices. That seems a reasonable suggestion, and I should like to know what power there is to direct the installation of safety devices of this type.

Mr. CHEVRIER: The board of transport commissioners has full powers under the act to direct the installation of safety devices upon application made by the public body affected. In the case my hon. friend refers to, he will remember that the hon. member for Kamloops asked a question to which I replied. I indicated the other evening where he would find that reply.

[Mr. Ross (St. Paul's).]

Mr. GREEN: I have it before me now.

Mr. CHEVRIER: The board of transport commissioners is giving careful and active consideration to these accidents in the mountain region. With reference to the block system, so far as the Canadian National is concerned, I am able to say that at the moment it has that very question under consideration.

Mr. GREEN: In the area concerned?

Mr. CHEVRIER: Yes.

Mr. GREEN: The minister at page 2345 of *Hansard* said:

> The board of transport commissioners have under study the question of safety devices commonly known as "slide detector fences," with a view to ascertaining their practicability and efficiency.

Has that study been completed, or is there some doubt as to whether these slide detector devices are efficient?

Mr. CHEVRIER: The study referred to in my answer has not yet been completed. One of the officers of the board of transport commissioners has been out there and has made a survey and reported to the board, but the board has not yet made a final decision.

Mr. GREEN: If these devices are found to be efficient, will directions be given for their installation?

Mr. CHEVRIER: I am not able to answer that question because I do not know a great deal about the mechanics of the device. I presume that if they were found to be effective, instructions would be given to install them, because, after all, it is a serious matter.

Mr. GREEN: Does the government exercise any power in connection with these safety devices?

Mr. CHEVRIER: No. It is a technical matter which is left entirely to the technical men under the board's jurisdiction.

Mr. GREEN: I would suggest that the minister bring to the attention of the board the fact that there is grave concern about these slides having taken place and about the lack of protective devices in the district.

Mr. CHEVRIER: I have already done so. I am doing so now. The officer who is at the table is the one who made the survey I referred to a moment ago.

Mr. KNIGHT: In line 15 of section 1, I find the expression "to aid actual construction

work for the protection", and so on. I should like to have a definition of "actual". I appeal to the minister's instinct for French, which he uses so eloquently along with English.

Mr. CHEVRIER: So does the hon. gentleman.

Mr. KNIGHT: He will know what I am getting at when I refer to the word "actual". Would it be going too far to interpret this as work already initiated? I do not think it can be right as I understand it. This work is initiated by way of agreement between the railway company and the municipality concerned.

Mr. CHEVRIER: Not always.

Mr. KNIGHT: Would this be work already started? Am I going too far in that interpretation of the word "actual"?

Mr. CHEVRIER: Let me say that "actual construction work" means work and construction with reference to the elimination of crossings; not approaches or expropriation and so forth, but that work which actually has to do with the elimination of dangerous crossings. When my hon. friend asks how it is initiated, may I say to him that it is by application to the board. The board may decide that the railway will do a portion of the work, and that the municipality will do a portion; or, as my hon. friend had in mind a moment ago, that the railway will do all the work by agreement with the municipality, the municipality reimbursing the railway for its portion of the work.

Mr. KNIGHT: That is perfectly clear.

Mr. KNOWLES: The words, "actual construction work" do not exclude cost of materials.

Mr. CHEVRIER: No. I would think the phrase would include the cost of materials.

Mr. KNOWLES: That is good.

Mr. MacNICOL: Has the board of transport commissioners any right or authority to bring to the attention of the municipality the fact that a certain railway crossing must be protected?

Mr. CHEVRIER: Yes.

Mr. MacNICOL: Recently in western Ontario, as I think the minister remembers, I believe five people—a father and four children—were wiped out at a railway crossing in Norfolk county. If the municipality in which that crossing is located does not itself soon make application for the protection of the crossing, would the board have authority to call the attention of the municipality to that accident and ascertain whether or not they were going to make any move?

Mr. CHEVRIER: Yes, it would.

Mr. McKAY: I may have missed the minister's reply to this question, because I believe somebody asked it. It is a question pertaining to the average government grant toward the construction of these under and over passes. Can the minister give the figure for, say the last ten years, that would indicate the average cost of construction; that is, the contribution which is made toward that average cost of construction?

Mr. CHEVRIER: I could not give anything other than I gave a moment ago, as to the amount of money which has been spent since the grade crossing fund has been in operation.

Mr. McKAY: You also said that the maximum would be $100,000.

Mr. CHEVRIER: For any individual project.

Mr. McKAY: I was trying to get at what the average cost has been.

Mr. CHEVRIER: Unfortunately I have not that information.

Section agreed to.

On section 2—Consent of municipality.

Mr. LOCKHART: I have been waiting to ask a question. The minister cautioned us not to deal with anything that was not in the particular section being dealt with. He tried to limit us in that way. I want to ask something about this matter. It is a well-known fact that on the waterfronts and on the approaches to the larger and smaller urban centres, for some reason or another these lands seem to have passed into the hands of the railways. The more valuable approaches seem to have passed out of the hands of the municipalities. In these days subdivisions are springing up outside reasonable-sized towns and smaller cities. No more lots are left in these municipalities, and people are going outside the city or town limits seeking a block of land on which they can erect a home. Perhaps that trend has been motivated by the fact that the Veterans Land Act courted that type of thing. It was necessary to get outside the towns and cities.

Railways have been built—and I have certain locations in mind—which consist of single-track lines cutting men's farms in the centre. On one side—perhaps on the far side—a subdivision will spring up. Why is it that in the latter part of this bill there is a definite limitation placed on the land

owner? It appears that he is limited before he can do anything to safeguard the school children and others who sometimes cross over the single-track lines—or double-track lines in certain places—that I have in mind. People may be coming to the owner and asking him to sell them two or three acres. It is down to a minimum of two acres now under the Veterans Land Act, where the land is under $500 an acre, and three acres where it is over that amount. That provision causes an increase in population in certain of these areas. Does the owner require to go to the municipality in order to develop something that is in the interest of the protection of the children, delivery men and other people who are travelling across the railway on roads that lead to the area?

Why is it that the land owner is mentioned here in connection with drainage only? I have one particular project in mind. It seems to me that if a land owner has some legitimate purpose in mind, he should be allowed to carry it out. I have in mind one instance where the municipality did not give him any encouragement, but the people kept coming and asking him for these three-acre plots of land. Hazards were being created at four or five spots in the way of level crossings. Yet the land owner is not mentioned here. I am wondering why.

Mr. CHEVRIER: This subsection 6b is designed to come to the assistance of the land owners.

Mr. LOCKHART: That is on drainage.

Mr. CHEVRIER: Yes; or a municipality. It has nothing to do with farm crossings. My hon. friend has in mind the question of a farm crossing, where the railway has to take over in a lump some land of the farmer.

Mr. LOCKHART: No; level crossings that result from new developments.

Mr. CHEVRIER: There is nothing in this bill that affects that in any way. Subsection 6b has to do with the right of a municipality or a land owner who desires drainage in the area or in the farm of the land owner.

Mr. LOCKHART: Perhaps I have not made myself clear. Does this bill not cover the protection of level crossings that may be going across any railway?

Mr. CHEVRIER: No, it does not. The first section has to do with the payment of a certain amount of money into the railway grade crossing fund for that purpose, but the other sections of the bill have nothing to do with the first section. They are further amendments to the act.

[Mr. Lockhart.]

Mr. LOCKHART: To a certain extent they are contingent. I think just a moment ago an hon. member asked a question on a matter in which I am greatly interested. I have been told that the average cost of the elimination of level crossings, either by way of overhead or underneath passes about which the hon. member spoke, ran between $30,000 and $50,000. It would seem to me that the minister's officials could quite easily say whether that is a reasonable amount.

Mr. CHEVRIER: It is far more than that.

Mr. LOCKHART: I have been told that the very minimum is from $30,000 to $50,000. How can $500,000 adequately take care of this ever-increasing necessity for overhead or underneath traffic? That is the thing I am concerned about.

Mr. CHEVRIER: I do not know whether the hon. member was in the house when I answered a question this evening. I pointed out that the railway grade crossing fund was not the only one from which payments could be made for this purpose. Over the years about $7,500,000 has been paid into the railway grade crossing fund, whereas some $45,000,000 has been spent in the elimination of grade crossings, which would indicate that protection at these dangerous crossings has been obtained from elsewhere.

Mr. LOCKHART: I am sorry I was not here. That is what I wanted to know.

Mr. CHEVRIER: This is one source only.

Section agreed to.

Bill reported, read the third time and passed.

PRAIRIE FARM ASSISTANCE ACT

AREAS SURVEYED AS SETTLEMENT OR RIVER LOTS—LANDS IN ELIGIBLE AND INELIGIBLE TOWNSHIPS

Right Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 204, to amend the Prairie Farm Assistance Act, 1939.

Mr. MacNICOL: Is the minister going to make a statement?

Mr. GARDINER: I made a very full statement last evening on the resolution. I could only repeat it now.

Mr. E. B. McKAY (Weyburn): I think it is generally recognized that this act has brought substantial benefits to the farmers of the western provinces. It has been in force since 1939, and in that period of time the

provinces of Alberta and Saskatchewan have been the recipients of payments under the scheme during at least eight years. In recent years the payments under the act have been considerable. According to a return tabled in this house on March 18 in reply to a question I asked, the total expenditures under prairie farm assistance were indicated as being some $16,840,000 for the year 1945-46, over $11,000,000 in 1946-47, and $14,908,000 in 1947-48, up to February 24 of this year.

As we know, most of the expenditures were made in Saskatchewan and Alberta, because of repeated crop failures there. Payments in Saskatchewan in 1945-46 were over $12,000,000. In 1946-47 they were over $9,000,000, and in 1947-48 again were over $12,000,000. In Alberta the amounts were somewhat less. In 1945-46 they were slightly over $4,000,000; in 1946-47 they were $1,839,000, and in 1947-48, slightly over $2,000,000.

It must be borne in mind that, while the greatest expenditures under the act were in Saskatchewan, the greatest deductions in order to service the fund to provide the awards also came from that province. There have been contributions to the fund, if I may call it that, by the federal government as well. This has been necessary on several occasions because deductions from wheat deliveries in western Canada, particularly in the provinces of Manitoba, Saskatchewan and Alberta, were inadequate in certain years to meet the payments required under the act. While there have been contributions by the federal government, I think it will be quite generally agreed that this has been a much better way of handling a serious drought situation than the relief which was paid some years back.

While the Prairie Farm Assistance Act has been of great benefit to the western farmers, nevertheless several objections have been expressed to its administration. I think the minister is reasonably familiar with some of those objections, because we in this corner of the house have stated them on many occasions. The most common objection I have heard in recent times is that the coverage under the act is inadequate. Many farmers who require assistance are left out of the scheme. Large numbers of farmers feel that payments should be made on the basis of the individual farm unit in areas where crop failure is prevalent on account of drought. Too many farmers, because they are so unfortunate as not to live in the declared area of crop failure, fail to receive awards under the act, despite the fact that in many cases they live just over the section or township line from a neighbour who does receive the bonus. In some cases farmers have had complete crop failure, as occurred in my own district; but because they lived in a non-eligible district they received nothing under the act. On the other hand, farmers in eligible districts who had as much as fifteen bushels to the acre received a bonus. To me this seems grossly unfair. There would not seem to be much fairness about an act which operates in this fashion.

There is a further objection in connection with hail damage. The act should be broadened to include payment of the bonus on an individual farm basis. There is no possibility here of placing a premium on poor farming operations by including this type of damage on an individual farm basis.

Then there are many complaints that the present payments are inadequate. Farm operating costs have gone up substantially since the inception of this act. The payments were never large enough and now, with all costs soaring, they are miserably inadequate. In my opinion, the awards under the act in districts with crop failure or low yield should be at least $5 an acre, with a maximum payment of $1,000 per farm unit rather than the present maximum of $500.

Then, because of climatic differences which result in different frequencies of crop failure, I believe the provinces should be zoned. Northern areas are not so subject to drought as the southern areas, and this is particularly true in Saskatchewan. By zoning the provinces into certain risk areas, with lower deductions in low-risk districts and higher deductions in high-risk regions, the burden of crop failure assistance would be placed on a more equitable basis.

I think some consideration should be given to the grading of wheat. This may seem a far cry from prairie farm assistance, but I think it is closely related. I believe that consideration should be given to the grading of wheat on a protein content basis. If this were done the southern districts of the western provinces—and again I refer particularly to southern Saskatchewan—would receive higher grading for their wheat because of the larger protein content and naturally, of course, better prices. This would more than take care of higher deductions necessary in the higher risk area of southern Saskatchewan.

The bonus is woefully inadequate. If wheat yields are less than four bushels to the acre I think we must assume that it is virtually a crop failure. A payment up to a maximum of $500 per farm unit is certainly insufficient in a case of that kind to cover bare living expenses over the winter months; much less

to provide anything for the purchase of seed grain in the spring and fuel for spring operations. It has happened before, and it is now happening again that, because of this situation, many farmers are forced to go to the bank and borrow money to put in their crops. If the farmer again faces a crop failure the next year, it is quite conceivable that he will be placed in such a position of accumulative debt that he will be unable to carry on.

I appeal to the minister to consider payments on an individual basis, an increased bonus, and zoning which would place the operation of the act on a much sounder and more equitable basis.

Mr. VICTOR QUELCH (Acadia): Mr. Speaker, I find myself in agreement with much that was said by the last speaker. While it may be said that the amendments in the bill will improve the Prairie Farm Assistance Act, nevertheless they are of a very minor character. The bill falls far short of what is required in order to put the act on an equitable basis.

Since the passage of the Prairie Farm Assistance Act in 1939, many amendments have been made to it. And while, generally speaking, I think it may be said that these amendments have all been to the advantage of farmers, nevertheless many undesirable anomalies still remain in the act. The purpose of the Prairie Farm Assistance Act is to give assistance to farmers suffering crop failure due largely to climatic conditions. Yet we find, under the operation of the act, that many farmers suffering total crop failure are not able to get any assistance under the act, while at the same time many other farmers with fairly good crops are able to obtain the drought bonus.

I suggest that it should be a comparably simple matter at least to a very large degree to rectify that undesirable situation. For example, we have suggested time and again that the bonus should be paid on the individual farm unit basis. In the past the minister has invariably opposed that suggestion, on three main grounds. First of all, he has opposed it on the ground that it would encourage the cultivation of marginal lands. Secondly, he has suggested that it would be subsidizing in many cases poor farming; and, thirdly, he has suggested that where you have small units of land which fail to become eligible for the bonus the provinces might very well look after such areas.

Since the minister has in the past made it quite clear that the government will not accept the individual farm unit as a satisfactory basis, I should like to quote a resolution passed at the annual convention of the Alberta Social Credit League last November, dealing with this question. I quote as follows:

> Whereas the Prairie Farm Assistance Act provides that the bonus may be paid on a rectangular block of sections of land having an area of not less than nine sections, one side of which lies alongside the boundary of an eligible township; and
>
> Whereas this deprives farmers of the benefits of the bonus, where their land lies adjacent to an eligible township, but in a block of less than nine sections; and
>
> Whereas it deprives farmers of the bonus where their land may be adjacent to an eligible block but outside the rectangle:
>
> Therefore be it resolved that the federal government be asked to amend section 7(b) of the Prairie Farm Assistance Act so that any area of nine contiguous sections or more shall be eligible for the bonus regardless of whether the area is intersected by a township line, where the average yield is less than ten bushels.

I would say that if the government are not prepared to go even that far, then at least we should adopt the principle within the act that no block of sections of land shall be deprived of the benefits of the act purely on the ground that that block of land is separated from another block by a township line.

Let me explain what I mean. As the situation is at the present time the government will not pay a bonus on an area of less than nine sections of land in a rectangular block. The minister has given the excuse that it would encourage the cultivation of marginal land; and apparently there is some force in that argument. I will admit that there is something in his argument. But how can the minister justify refusing to pay the bonus on a block of land because it is too large, or on even part of a block of land because the total block is too large? For instance, let us consider a block of land six miles by six miles—a township. The bonus can be paid on the thirty-six sections of land. On the other hand, if you have a block of land six miles by seven miles, containing forty-two sections, the bonus can be paid only on part of that block. In that case the minister is not in a position to use the argument that it would be encouraging the cultivation of marginal land if it were paid on the whole of the block.

In those circumstances the minister must then fall back on the argument that, where you have a small piece of land outside a township, it should become the responsibility of the provincial government. I would say that if that principle were adopted there would be a tremendous amount of confusion. We would find a great deal of passing the buck, the province saying that a piece of land is the responsibility of the federal government, and

the federal government saying that a piece of land is the responsibility of the provincial government.

Secondly, where would a provincial government get the money to pay that bonus? They are not in the fortunate position of being able to get whatever revenues are required, as is the federal government. I think the chief point to remember is that this is a federal act, and it is, therefore, a federal responsibility. I say that because we must remember that the dry areas of the west were largely opened for settlement by the federal government at a time when the natural resources were under their control. In spite of the fact that they were warned time and again by engineers and surveyors back in the 1800's that certain lands were not suitable for settlement, they allowed farmers to come into those areas and settle. Ever since that time we have had many tragic cases where farmers have found it impossible to make a living because of drought.

For instance, I have in mind the constituency of Acadia, which I represent. I do not believe I am exaggerating when I say that 60 per cent of that constituency is in the semi-permanent drought area, and that over 70 per cent of the population of that district have moved out on account of drought.

There is another way in which the government could help the farmers that are under the Prairie Farm Assistance Act, and it is this. For instance, in the constituency of Acadia back in 1922 a survey was made in connection with what was known as the William Pearce stock watering project, under which a million and a half acres could have been irrigated. Ever since that time the government has encouraged the people to believe that irrigation would be carried out in that area. Then today there is the Red Deer diversion project, the surveys of which have been completed. Agreement with the province has been reached and everything is ready to go ahead. All that is required is for the federal government to let the contracts and start work on the project. Over half a million acres could be irrigated.

Mr. GARDINER: We are getting a long way from this bill, but I want to say that that statement is not correct.

Mr. QUELCH: What statement?

Mr. GARDINER: That all we have to do is to let the contract. We have not yet the arrangements signed up with the provinces.

Mr. QUELCH: Agreement has been reached with the province of Alberta.

Mr. GARDINER: That has nothing to do with this bill.

Mr. QUELCH: You said the statement was not correct, but at least agreement has been reached with the province of Alberta. They will be only too glad to sign an agreement with the federal government.

Mr. GARDINER: Agreements have not been reached with the provinces and none of them has been signed. They have not been signed because of Manitoba. However I do not want to discuss that question tonight.

Mr. DEPUTY SPEAKER: I understand that those agreements have nothing to do with the bill we are considering. I suggest that the hon. member discuss the principle of this bill.

Mr. QUELCH: I only mentioned that fact to show that—

Mr. GARDINER: It is not a fact.

Mr. QUELCH: What is not a fact?

Mr. GARDINER: The statement you made is not a fact.

Mr. QUELCH: You are trying to start the argument over again. I am quite prepared to go on with the argument if Mr. Speaker will allow me. I understand that the province has co-operated with the federal government in every way; but, as the minister himself says, the trouble is that an agreement cannot be reached with Manitoba.

Mr. GARDINER: If we are to discuss this question let us discuss it some time when we can answer the questions. Those statements are not correct.

Mr. QUELCH: Then do not interrupt me any more on that score. The only reason I referred to irrigation was that we realized we have a serious drought problem in that area. That drought problem will continue until such time as we have irrigation. The same thing applies to Saskatchewan. It would relieve the government of paying out a lot of money under the Prairie Farm Assistance Act. I am not suggesting for one minute that it would eliminate the need for the act, but at least it would reduce the amount of money that would have to be paid out.

I take it that the real reason for the failure of the government to be willing to pay the bonus on an individual basis is the increased cost to the federal government. I recall back in 1939 when this act was first introduced. At that time the Hon. Charles Dunning stated that if the act had been in operation during the 1920's he believed that it would have been

possible to build up a sufficient reserve to carry on during the poor years. I doubt personally whether that would have been so, but I think we can all agree that there is little chance of the act paying its way from now on. So long as the act remains in force, a certain amount of money will have to be paid out every year in addition to what is obtained under the one per cent levy; that is, unless irrigation is proceeded with.

I suggest that if the matter of cost is holding the government back from paying the bonus on an individual basis—and I think it will continue to hold the government back so long as we continue to operate under our present financial system—we should pay the bonus to all farmers who have a crop failure and stop paying it to those farmers who have a fairly good crop. At the present time section 7(a) of the act provides the means by which the bonus need not be paid to a certain number of farmers who have fairly good crops. It provides that, where you have a block of sections or a quarter of a township or more with an average yield of over fourteen bushels per acre, one side of which is alongside an ineligible township, then that block can be taken out of the township and the bonus not paid.

I should like to see that section eliminated from the act. I call it a vicious section. It results in turning one farmer against another and causing a lot of bad feeling within a township. Where you have a township with an average yield of around, say eight bushels per acre, and the bonus has to be paid on that basis, if in part of that township the yield is less than four bushels, those farmers whose yield is less than four bushels start to agitate that a block of nine sections in another part of the township be taken over if the yield is over fourteen bushels in order to raise the amount of bonus paid to them. I have just had a case of that kind which I drew to the attention of the minister.

There is another reason why I dislike that section. In this case it is because of the way in which the section is administered rather than the section itself. I had a case two years ago where a block of nine sections was taken out with an average yield of over fourteen bushels per acre. But in that block of nine sections there were only six sections which had a high yield. They had yields of over twenty bushels per acre. In order to be able to take the nine sections out, it became necessary to include three sections which had had nearly a total crop failure. But by adding those three sections to the six it still left the average yield over fourteen bushels. I protested at the action, and all the officials could say to me was, "Well, if you will recommend it, we will add another three instead of the three we are taking". If I had suggested that I would have immediately become very unpopular with the farmers in the three sections which I had suggested should be included with the six instead of the other three.

I would suggest that when section 7(a) of the act is brought into force it should be applied only to the land that has had a yield of over fourteen bushels per acre. Officials should not be allowed to include in the block any land on which there has been a total crop failure, as I know was done in one case, or any land with an average yield of less than eight bushels per acre. That is why I think section 7(a) should be repealed.

Where it is desired to stop the payment of the bonus, it should be done on an individual basis. Where a section of land has had a crop of over fourteen bushels to the acre the bonus should be stopped on that section. On the other hand, the bonus should be paid on every section of land that has had a crop failure, whether it is in a block of nine sections or not. It is only in that way that we can ensure that the farmer with a crop failure will get paid. It would ensure that whatever money was paid out would be paid to those with crop failures.

Mr. RONALD MOORE (Churchill): Mr. Speaker, I do not intend to speak at any length on this measure, but in the past two years I have received quite a number of representations from farmers in the southern part of my constituency complaining about the operation of the Prairie Farm Assistance Act. Hon. members are no doubt aware that the main purpose of this act is to serve the farming districts in the southern part of the prairie provinces. It was designed particularly to meet farming conditions on the prairies.

In that area the yield per acre is comparatively low and the areas in which failures take place are quite large. But as you go north a different situation develops. Better moisture conditions result in a higher yield and the areas in which failure takes place are much smaller. In the Swan river valley and in the Dauphin area we find that failures are comparatively small and occur in small areas; yet the farmers in those districts pay the same rates under P.F.A.A. as are paid in the southern districts. But the benefits they get from the act in the north are limited indeed. I have personally met a number of farmers who have had a crop failure and who have been unable to get benefits under the act, although they had

contributed for a period of years. The farmers in the two areas mentioned are anxious to have amendments brought in whereby any failure which takes place in those areas will be subject to benefits under the act. Those benefits should be paid on the individual crop basis. In some districts there may be only one farmer to suffer a farm crop failure in any one year and they would like to see the act amended to provide that the individual farmer would be entitled to benefits under the act.

A number of them have also expressed the feeling that, since failures in the north are comparatively rare, benefits should also be paid for damage by hail and frost. I am not going to state that this could be included as the act now stands, but it is something to which the Department of Agriculture ought to give consideration, since the amount of money which is collected in these areas is far in excess of the money paid out there.

I am inclined to agree with the suggestion that was made a short time ago, that a zoning system should be devised whereby payments could be made to cover a much smaller area than is now the case.

Mr. E. G. McCULLOUGH (Assiniboia): Mr. Speaker, I have some extended remarks to make on this amendment to the Prairie Farm Assistance Act. I agree with the arguments put forward by previous speakers, and I am in complete agreement with the hon. member for Weyburn (Mr. McKay) when he said that under present conditions the act does not meet the needs for which it was set up. For that reason I feel that definite changes should be made in the act and its scope be enlarged to make it a comprehensive crop insurance scheme which would be available to those engaged in agriculture all across this country, instead of being confined to giving assistance to the western farmers.

This act was introduced in 1939 for two obvious reasons: first, because parliament and the government of the day saw the need for giving some sort of assistance, or I should say crop insurance, to the prairie provinces, where during many years, particularly in the 1930's, there had been a succession of crop failures through no fault on the part of the farmers but on account of weather and other conditions beyond their control.

I feel that the scope of this legislation does not meet the needs of our Canadian farmers. We have seen agricultural income fluctuate from year to year as much as 200 and 300 per cent, and while the act has been of tremendous assistance to our prairie farmers it does not meet the needs of a crop insurance plan. I would draw to the attention of hon. members that from 1938 to 1940 one-half of our farm operators in the prairie provinces received less than $500 per unit; that is, their income including income in kind was less than $500. So it is clear that in the prairie provinces there is a tremendous fluctuation in farm income, and that reflects itself in the standard of living of our people. The result is that in many sections we have what might be called depressed areas, and this fluctuation in farm income means a lower standard of living also for our merchants and businessmen and jeopardizes their business.

What we need is not just assistance to our prairie farmers but a federal over-all policy of crop insurance, comprehensive in scope and integrated with provincial schemes across the country so that our agriculturists will be assured of income in case of a crop loss. Such an over-all policy would have to have regard, first, to the man on the producer end, so that we would have produced in Canada a maximum of agricultural consumer goods. Secondly, it would have to establish a stable income for our agricultural workers comparable with that of workers in well-established urban industries. Thirdly, it should provide for a maximum production for export. The act in its present scope is so narrow that only in case of a disastrous drought do we get any assistance whatever, and that assistance does not in any way provide adequate help for our farmers in maintaining maximum production.

On motion of Mr. McCullough (Assiniboia) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. GREEN: What will be the business for tomorrow?

Mr. CHEVRIER: First, we shall resume the adjourned debate on the motion of the Minister of Finance for committee of supply, with the amendment of the leader of the C.C.F. and the subamendment of the leader of the opposition. I should like to remind the house that we have now spent six days on this debate and we hope, with the co-operation of hon. members, to conclude it tomorrow. Next, the second reading of Bill No. 204, to amend the Prairie Farm Assistance Act, which we have been discussing tonight; the second reading of Bill No. 203, to amend the Unemployment Insurance Act, and the second reading of Bill No. 198, to amend the Dominion Elections Act.

Mr. MacNICOL: Will they be taken in that order?

Mr. CHEVRIER: Not necessarily, but I hope that will be the order. In any event, the first item of business will be resuming the debate on the motion for committee of supply.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, April 21, 1948

The house met at three o'clock.

PRIVILEGE

MR. ROSS (ST. PAUL'S)—REFERENCE TO REPORT IN OTTAWA "JOURNAL" OF APRIL 21

Mr. DOUGLAS G. ROSS (St. Paul's): I rise on a question of privilege, Mr. Speaker, in connection with which I wish to refer to an article appearing in the Ottawa *Journal* of this morning. Some fifteen hundred people came here from every corner of Canada to hear the speech made last night by the future prime minister of Canada, Mr. John Bracken. Some of us would have liked to listen to that speech last evening. My point of privilege is that some hon. members on this side made a great sacrifice to come here; and the *Journal* says the official Progressive Conservative opposition found itself heavily outnumbered. In the first place I believe ten of us were here, not three, as this article states; and though there were some sixty members on the government side of the house, certainly we were not outnumbered. That is all there is to that. I would point to *Hansard* to show the contribution made from this side last night.

Mr. SPEAKER: Order. I think the hon. gentleman has stated his question of privilege.

RIGHT HON. W. L. MACKENZIE KING

FURTHER FELICITATIONS ON PERIOD OF TIME AS PRIME MINISTER—GIFT OF FLOWERS

Mr. GORDON GRAYDON (Peel): I should like to say a word with respect to the propriety of certain proceedings which took place at the opening of the session yesterday. Some of us were unable to be present because we were performing duties designed to take care of any eventualities that might develop with respect to the successor to the Prime Minister during the next few months. I want to point out, if I may, that the celebration yesterday was somewhat premature, and I rise at this time to correct that error.

Yesterday the Prime Minister and the late Sir Robert Walpole were still running a close tie, and the overtime had not been played. Today, Mr. Speaker, Sir Robert is only a good second and the Prime Minister an undoubted first. As one who has sat across from him for some little time in this parliament I want to say from the depths of my heart that I wish him the best of health and happiness in the years that lie ahead, and that I am pleased indeed that he has won out after the long and vigorous contest he has carried on.

Mr. J. T. RICHARD (Ottawa East): Mr. Speaker, the flowers which are in front of the Prime Minister are an expression of the feelings of the members of "Little Chicago" who take great pride in having a leader who has exceeded the record of any other prime minister in the British commonwealth of nations. We are proud to serve under him, and we hope his example during the years past will serve us when it comes our turn to lead in future.

As the member for Ottawa East, however, may I say that my constituency has as its most distinguished elector the Prime Minister of Canada, and I want to tell him that we, the people of Ottawa, are grateful to him for what he has done for this city, and trust he will stay with us for a long time to come.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I was unable to be here yesterday. I had fully expected that the felicitations to the Prime Minister on having achieved his very fine record would come today; but since this opportunity has been afforded I should like to join the others who have spoken, and to extend to the Prime Minister my very sincere felicitations on this occasion, together with my very best wishes for many years of happiness and good health.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Should I be fortunate enough to come into the house tomorrow, Mr. Speaker, I hope I may find that this long-distance contest is really over. I do thank my hon. friends who have so kindly supplemented the words so generously expressed yesterday. I feel deeply grateful to them for what they have been so kind as to say.

FOREIGN EXCHANGE

STATEMENT AS TO UNITED STATES SUBSIDIARIES IN CANADA

On the order for motions:

Hon. DOUGLAS ABBOTT (Minister of Finance): Yesterday on the orders of the day the hon. member for The Battlefords (Mr. Campbell) asked whether I could tell the house

what amounts of Canadian dollars are being converted into United States dollars by subsidiaries of United States corporations to meet their obligations in the United States. I have been able to obtain the information I think the hon. gentleman desires, and it is as follows:

During the first quarter of 1948 the amounts of United States dollars obtained by subsidiaries of United States corporations in order to make payments by way of interest, principal repayments or dividends to their United States parent corporations were as follows:

Interest	$ 300,000
Principal repayments	nil
Dividends	
Subsidiaries 100 per cent owned	13,000,000
Subsidiaries owned 50 per cent to 100 per cent	2,800,000
	$16,100,000

Mr. COLDWELL: Has the minister the figures for 1947?

Mr. ABBOTT: Those figures are for the first quarter of 1948; I have not the figures for 1947. As I said yesterday, the question is one which should be placed on the order paper, because it requires the obtaining of figures. I have given this information to my hon. friend today, but I do suggest that in future questions of this kind be placed upon the order paper.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

PENITENTIARIES

Mr. McKAY:

1. How many inmates are confined in each of the federal penitentiaries at present?

2. What steps have been taken by the government to implement the recommendations made in the 1938 report of the royal commission to investigate the penal system?

Mr. ILSLEY:

1. Kingston, Ontario	Male	715
Kingston, Ontario	Female	71
St. Vincent de Paul, P.Q.		1080
Dorchester, N.B.		512
Manitoba		297
British Columbia		448
Saskatchewan		359
Collin's Bay, Ontario		289
Total		3771

2. The steps taken between 1938 and 1947 to implement the recommendations of the royal commission to investigate the penal system of Canada are set forth in detail at pages 48 to 56 of the annual report of the superintendent of penitentiaries for the fiscal year ending March 31, 1947, which has been tabled in the House of Commons. Since that date the Penitentiary Act, 1939, as amended, has been proclaimed and the commissioner, deputy commissioners and assistant commissioners therein authorized have been appointed, full-time vocational training has been instituted in two penitentiaries, classification officers have been appointed in all penitentiaries, and the procedure for classification of prisoners has been improved, training courses for penitentiary officers have been instituted, and a reorganization of the educational facilities in the penitentiaries is being carried out. A program of construction and renovation of buildings and replacement of machinery and equipment, as authorized in the annual estimates, is being proceeded with.

[Mr. Abbott.]

FILM BOARD—FILMS MADE FOR GOVERNMENT DEPARTMENTS

Mr. FRASER:

1. Did any departments of the government ask the national film board to produce films for them (a) during 1947; (b) during January, February, March, 1948?

2. If so, what departments had films made and what were titles of these films?

3. Were all these films produced by the national film board or were some films produced by commercial companies?

4. What films were produced by commercial companies?

5. Did any departments request that films be made by commercial companies?

Mr. WINTERS:

1. (a) Yes; (b) yes.

2. Department and title:

Agriculture—Science Helps the Farmer; Prairie Homes (French version); Farm Homes Beautiful (French version); Best Quality Beef (French version); Dutch Elm Disease (English version); Dutch Elm Disease (French version); Soil Conservation; St. Mary's Dam.

Bank of Canada—Canada Savings Bond Newsclip.

Canadian Broadcasting Corporation—Sackville International Shortwave (working title).

Canadian National Railways—Song of the Ski, Gaspe Film (working title), Song of Algonquin (recording only).

Federal District Commission—Capital Plan, Community Plan.

Insurance—Are You Safe at Home?

Labour—International Labour Office. Industrial Safety 1948, L.M.P.C. Discussion Trailer, Displaced Persons Dispersal Centre, Older

Workers Newsclip, Take it up with the L.M.P.C. (French), L.M.P.C. Discussion Trailer (French).

Mines and Resources—Winter Sports at Banff, Prince Edward Island National Park (working title), Cape Breton Highlands National Park (working title), Holiday Island, Highway of Canada, Winter Sports in National Parks (working title), Yellowknife.

National Defence—Royal Canadian Artillery, Going North, Parachute Training.

National Health and Welfare—Restaurant Sanitation, Dental Health Film, Community Chests 1947, Immunization (newsclip), Fit for Tomorrow (French version), Immunization, Narcotics, Feeling of Hostility, Urban Recreation, Cancer, V.D. Education, Why won't Tommy eat?, Dental Health Cartoon, Rural Health, Rat Control, National Health Week (newsclip), Know Your Baby.

Post Office—Mail Early (newsclip 1947).

Trade and Commerce—Trade Missions (editing only), Let's Beautify Canada, Bass Fishing, Tyee Fishing, International Trade (working title), Blue Bloods from Canada.

3. 48 films were produced by the National Film Board and 9 by commercial companies.

4. Are You Safe at Home?; Prince Edward Island National Park; Cape Breton Highlands National Park; Holiday Island; Dental Health Film; Why won't Tommy eat? Know Your Baby; International Trade; Blue Bloods from Canada.

5. Yes.

HEALTH AND WELFARE—NARCOTIC DIVISION

Mr. RICHARD (Gloucester):

Has the narcotic division of the Department of National Health and Welfare noted any increase in drug addiction during the past three years?

Mr. MARTIN: There is no certain index of the amount of drug addiction at any time in Canada. However, constant and vigilant attention by the enforcement authorities has resulted in an increasing number of convictions under the Opium and Narcotic Drug Act, as follows: 1945, 147; 1946, 215; 1947, 265.

POST OFFICE DEPARTMENT—REVENUE—POSTAGE RATES

Mr. LOCKHART:

1. What was the over-all surplus of the Post Office Department during each of the years 1945, 1946 and 1947?

2. What revenue was derived form the carrying of parcels overseas during each of the above years?

3. What increases have been made in overseas parcel post rates since 1940?

4. Have any steps been taken to reduce postage rates in Canada and to the United States of America?

Mr. BERTRAND (Laurier):

1.

Fiscal year 1944-45	$11,442,534
Fiscal year 1945-46	10,905,913
Fiscal year 1946-47	8,773,574

2. Postage paid on parcels dispatched from Canada to the United Kingdom, other than for overseas forces, was as follows:

1945	$1,872,761
1946	3,143,778
1947	3,967,152

3. There has been no increase in parcel post rates to the United Kingdom since 1940. The rates were, however, reduced effective January 1, 1947 as follows:

	Previous rate	New rate
1 lb.	$ .24	$ .25
2 lb.	.42	.40
3 lb.	.60	.55
4 lb.	.78	.70
5 lb.	.96	.85
6 lb.	1.14	1.00
7 lb.	1.32	1.15
8 lb.	1.50	1.30
9 lb.	1.68	1.45
10 lb.	1.86	1.50
10-15 lb.	2.50	2.00
15-20 lb.	3.00	2.50

4. No.

VALDEZ ISLAND, B.C., INDIAN RESERVES—TIMBER CUTTING

Mr. PEARKES:

1. Have any applications been received during the past two years to lease or cut timber on any of the Indian reserves, or portion thereof, on Valdez island, British Columbia?

2. If so, to whom were such leases or permits granted and to whom refused?

Mr. MacKINNON: 1 and 2. No. One existing timber licence granted in 1942 in favour of T. L. Garner of Duncan, British Columbia, covering part of Lyacksun Indian reserve No. 3 on Valdez Island was renewed.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRINTING

Mr. PROBE:

1. What was the total amount of printing let by the government of Canada to commercial printing firms in each province of Canada in each of the past five years?

2. What are the names and addresses of firms receiving in excess of $5,000 for government printing in any or each of the past five years, and what amount was paid to each?

3. What value of government printing is it estimated was used in each of the provinces of Canada in each of the past five years?

Mr. GIBSON (Hamilton West): Return tabled.

ELECTORAL REPRESENTATIONS—DISTRICT OF MACKENZIE

Mr. BLACK (Yukon):

1. Did persons not residents of the district of Mackenzie and of Yukon territory petition parliament or the government not to add Mackenzie district to Yukon?

2. Did any residents of Mackenzie district or of Yukon territory ask parliament or the government to add Mackenzie district or any part of Mackenzie district to Yukon as an electoral district; if so, who were those residents, to whom were such requests made and when?

3. Will the government at this session or during the life of this parliament and before the next dominion general election, have legislation introduced so as to create the district of Mackenzie an electoral district and give the electoral district of Mackenzie the right to elect a member to represent it in the House of Commons of Canada?

4. Failing that will the government, at the present session of parliament, introduce legislation so amending the Representation Act, as to remove that portion of the district of Mackenzie added to the electoral district of Yukon-Mackenzie river?

Mr. GIBSON (Hamilton West): Return tabled.

MOTION FOR PAPERS

STENEN, SASK., POSTMASTERSHIP

Mr. NICHOLSON:

For a copy of all letters, telegrams and memoranda in connection with the appointment of postmaster at Stenen, Saskatchewan, since March 16, 1948.

NATIONAL HOUSING ACT

AMENDMENT WITH RESPECT TO POWERS OF APPROVED LENDING INSTITUTIONS, ETC.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure to amend the National Housing Act, 1944, and in particular to authorize approved lending institutions to purchase from Central Mortgage and Housing Corporation mortgages held by the said corporation and to make loans to owners of rental housing projects not exceeding in amount 85 per cent of the estimated cost thereof; to authorize Central Mortgage and Housing Corporation to guarantee an annual return of an amount to be determined by the corporation of rentals from rental housing projects for a period not exceeding thirty years, to make loans to owners of rental housing projects if such loans are not being made available by approved lending institutions; to authorize the governor in council to transfer lands vested in His Majesty to the corporation; and to make provision for the winding-up and dissolution of Wartime Housing Limited and to vest in Central Mortgage and Housing Corporation power to provide rental housing out of moneys which may be appropriated by parliament for the purpose.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of the resolution, recommends it to the consideration of the house.

Motion agreed to.

ROYAL CANADIAN MOUNTED POLICE

CONTRIBUTORY SUPERANNUATION SCHEME— COMPENSATION FOR INJURY SUSTAINED IN COURSE OF DUTY

Right Hon. J. L. ILSLEY (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend the Royal Canadian Mounted Police Act to make provision *inter alia* for a contributory superannuation scheme for future members of the force and present members who elect to come thereunder, and also for the granting of compensation to members suffering injury in the course of duty and pensions to widows and children of members losing life in the performance of duty.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of the resolution, recommends it to the consideration of the house.

Motion agreed to.

OLEOMARGARINE

REQUEST THAT GOVERNMENT SPONSOR MEASURE TO REPEAL PROHIBITION AGAINST MANUFACTURE

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to ask a question of the Minister of Agriculture (Mr. Gardiner). In view of the importance of this matter, would it not be fair to private members of the house on all sides, and to others, for the minister to take over the question of oleomargarine as a government measure so that it will not become a party matter and members will be free to vote as they like on it. I would ask for a reply, because this is a matter of public importance.

Mr. SINCLAIR: Hear, hear.

Mr. SPEAKER: Order. As the question is now before the house, I suggest that the hon. member's request is not in order.

Some hon. MEMBERS: Answer.

Mr. CRUICKSHANK: Mr. Speaker, as the hon. member for Vancouver North (Mr. Sinclair) has refused to accept it, may I with your permission have the privilege of presenting to the hon. member for Broadview a pound of margarine?

Mr. FRASER: Mr. Speaker, I see that a pound of oleomargarine has been imported into Canada. I wonder if the department of the Minister of Justice will take action against the hon. member for Fraser Valley.

An hon. MEMBER: Who says it was imported?

Mr. COLDWELL: He said it was.

Mr. FRASER: And it is supposed to be on the banned list. How did it come to be here? I think I should have an answer.

Mr. CRUICKSHANK: My hon. friend uses axle grease, which is the same thing.

Mr. FRASER: I am pleased to have the answer from the hon. member for Fraser Valley, because none of the ministers can answer the question.

LABOUR CONDITIONS

DISPUTE BETWEEN GREAT LAKES SHIPPERS AND UNIONS—BROCKINGTON-MCNISH REPORT

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): Judging from the noise, the Conservatives should have continued their convention in the Chateau instead of here in the house.

May I be permitted to ask a question of the Minister of Labour which arises out of a telegram—

Mr. SINCLAIR: "Which I received before coming into the house".

Mr. GILLIS: You fellows must have been dining with the Tories last night, and it has not worn off.

Some hon. MEMBERS: Oh, oh.

Mr. GRAYDON: Careful; you know what Tim Buck says.

Mr. GILLIS: Can the minister inform the house if the commission consisting of Leonard W. Brockington and J. D. McNish have rendered a report regarding the dispute between the Canadian seamen's union and the Canadian lake seamen's union as to which organization is the legal bargaining agency for the Colonial Steamships Limited and the Sarnia Steamships Limited? If so, has their report settled the matter; if not, what steps does the minister propose to take to resolve the dispute?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, it is true that an unsatisfactory situation has developed on the great lakes owing to the fact that a number of companies on the great lakes have entered into contractual relations with the Canadian lake seamen's union, which is a rival union to the previously recognized, and in some instances, certified, Canadian seamen's union. These companies are refusing to hire members of the Canadian seamen's union, as a result of which the union is claiming that the companies have committed a breach of the existing collective bargaining regulations.

My department, over a period of several months, has laboured diligently to conciliate the dispute between the companies and the Canadian seamen's union; but owing to the attitude taken by the companies, we were unsuccessful. The industrial disputes inquiry commission, which I established about two weeks ago in an endeavour to settle the differences between the Canadian seamen's union and the Sarnia and Colonial steamship companies, reported to me within the last few days. This report was released to the press yesterday. No doubt hon. members have had an opportunity to read the reports which appeared in this morning's newspapers. The commission was composed of Mr. Leonard W. Brockington, K.C., of Ottawa and Mr. J. Douglas McNish, K.C., of Toronto.

I may add this further remark, that the Canadian seamen's union has applied to the national labour relations board for leave to prosecute the companies which they claim are violating the law, and the board has given the union permission to do so. Since court action has already been taken by the union in this connection, it would be improper for me to express any view at the present time as to the merits of the case. The report of the industrial disputes inquiry commission, to which I have already referred, set out the facts of the dispute, and I think it may be advisable to table a copy of the report of this commission, which I now do.

FREIGHT RATES

EFFECT OF INCREASES IN RELATION TO HUDSON BAY RAILWAY

On the orders of the day:

Mr. RONALD MOORE (Churchill): Mr. Speaker, I should like to ask a question of the Minister of Transport, of which I have not given notice. In view of the recent increase in freight rates, can the minister assure the house that there will be no increase in the freight rates on grain moving over the Hudson Bay railway?

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Speaker, I would have to give some thought to the question, because the application of the railways did not include the Hudson Bay railway, as I recall it—although grain is excluded in the decision of the board. However in view of the fact that I was not given notice of the question, I shall have to look into it and give a reply later.

Mr. FAIR: May I ask a supplementary question? Is all grain moving west of Fort William-Port Arthur exempt from this increase in freight rates?

Mr. CHEVRIER: The only answer I can give to the hon. member is to refer him to the judgment, where he will find six or seven items excluding grain moving in various directions.

Mr. COLDWELL: That is, off the main line —transactions between farmers involving branch line transportation are subject to the increase in tax; is that right?

Mr. CHEVRIER: If that was the purport of the question, then the answer is yes.

INQUIRY FOR RETURN

SUBSIDIES OR SUBVENTIONS TO INDUSTRY

On the orders of the day:

Mr. D. J. McCUAIG (Maple Creek): I should like to ask the Secretary of State why it has taken so long to bring down the return in answer to the question standing in my name and appearing on page 1605 of *Hansard*.

Hon. COLIN GIBSON (Secretary of State): I could not hear the subject matter of the hon. members' question, but I shall look it up in *Hansard* and see when the return can be brought down.

SUPPLY

FREIGHT RATES—INCREASES ORDERED BY TRANSPORT BOARD—AMENDMENT, MR. COLDWELL—SUBAMENDMENT, MR. BRACKEN

The house resumed from Tuesday, April 20, consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Coldwell, and the amendment to the amendment of Mr. Bracken.

Some hon. MEMBERS: Question.

Mr. WILLIAM BRYCE (Selkirk): Mr. Speaker, this debate started two weeks ago, and while it may be annoying to some hon. members who have already spoken to have to listen to more addresses in this debate, on a subject so important as this I should be lax in my duty to the constituents of Selkirk if I did not raise my voice in protest against the new rates which have been put into effect in the western provinces.

I do not wish to go into the freight rates all across the dominion. Perhaps everything I could say has been said already, but before I deal with the situation as it affects Selkirk I should like to quote from the submission made by Manitoba in opposition to the increase in freight rates. I should like to read extracts from the views of some of our prominent citizens. I will quote first from page 91, where Premier Stuart Garson of Manitoba states:

> The prairie provinces already pay a disproportionate share of the cost of railway operation in Canada.
>
> The prairies' present prosperity is largely based upon the insatiable markets of war, a consecutive series of bumper crops, and a favourable relationship between costs and prices.
>
> The war markets are gone, bumper crops cannot continue indefinitely, and the relationship between costs and prices is deteriorating.
>
> The prairies' present prosperity is not as relevant to the railways' application for a freight rate increase, as are the prairies' basic prospects for future income.
>
> These prospects are not essentially different from what they were after world war I.

I should like to quote also from page 101, on which appears the submission by Mr. Clifford E. Wood on behalf of the Manitoba federation of agriculture and co-operation, as follows:

> Farmers have a special, vital interest in freight rates. Freight rates are an important factor in determining production costs of the things a farmer sells, and enter largely into the price of the goods he must buy. Once rates are set, they tend to remain fixed, particularly in areas where no effective competition exists. Naturally, farmers view with considerable apprehension any attempt to bring about a permanent increase in their fixed costs of production. The proposed tariff changes, if implemented, will increase the cost of every item the farmer has to purchase (except those manufactured in his own locality), and decrease the net revenue from most of the things which he sells.

Then I should like to quote from page 110, which contains a submission by Mr. F. J. Goodman on behalf of the Manitoba dairy association, as follows:

> We submit that if any increase in freight rates is granted it is likely to be effective for many years. Today no one can tell what will happen to prices of the products of the dairy industry. Normally history repeats itself, and looking back to what happened after the last war we can expect a definite lowering of prices even though this may not be as disastrous as when butter fell from 54 cents to 26½ cents in the course of two months in 1921. We feel that

it is completely unreasonable to saddle the producer with higher freight charges over an extended period on the basis of what may be very short-lived prosperity.

The last quotation I should like to make is from page 116, which contains the submission by Mr. John B. Brown on behalf of Canadian Co-operative Implements Limited, as follows:

In view of the fact that any increase in freight rates will be of a more or less permanent character, any consideration of the ability of the farmer to bear any increase must be based on an estimate of his position over the next ten or twenty years. It is submitted that the continuation of a combination of good crops and good prices over this period of time is inconceivable.

I want to return now to my own constituency, which is perhaps one of the largest in Canada, having a population of 67,000. It has 439 miles of single railroad line, perhaps more than in any other constituency. For the information of hon. members who have not been there, I may say that these lines run through what is called the interlake country, which is a mixed farming area. By that I mean that it is diversified farming, and we use the railroads a great deal. Four principal branch railway lines run through the constituency, two operated by the Canadian Pacific and two by the Canadian National. One line runs to Gypsumville, a distance of 173 miles. Another runs to Hodgson, a distance of 105 miles. Then there is a line running to Arborg, a distance of 76 miles and another running to Riverton, a distance of 83 miles. These mileages will show hon. members how necessary the railroads are to the community I represent.

I should like to direct attention to the new dressed poultry rates. A heavy volume of poultry moves out of these districts. Many farmers specialize in the raising of turkeys, and if any hon. member pays me a visit this summer I shall be able to show him farms with over 1,000 turkeys. The old dressed poultry rate from Steep Rock to Winnipeg was 89 cents, and the new rate is $1.08, an increase of 19 cents. From Gypsumville the rate was 93 cents, and the new rate is $1.13, an increase of 20 cents; from Hodgson the old rate was 69 cents, and the new rate is 83 cents, an increase of 14 cents; from Arborg the old rate was 53 cents, and the new rate is 64 cents, an increase of 11 cents; from Riverton the old rate was 53 cents, and the new rate is 64 cents, an increase of 11 cents. Yet we are supposed to be subject to an increase of only 21 per cent.

Let us look at the egg situation. As hon. members know, eggs are moved often to ensure freshness, and because of frequent moving are moved in smaller lots. Here is a comparison of the new rates with the old:

15 Doz. Crates

	Old rate Cents	New rate Cents	Increase Cents
Steep Rock	35	55	20
Gypsumville	35	55	20
Hodgson	35	50	15
Arborg	35	50	15
Riverton	35	50	15

30 Doz. Crates

	Old rate Cents	New rate Cents	Increase Cents
Steep Rock	41	75	34
Gypsumville	41	75	34
Hodgson	39	70	31
Arborg	35	70	35
Riverton	35	70	35

The rates on poultry cover only the 21 per cent increase, but it will be noticed that the new rates on eggs represent an increase of from 80 to 100 per cent, all of which is borne by the producer.

The producers are further penalized when shipments are made to the eastern markets. In this connection may I be permitted to quote from the Winnipeg *Citizen* of April 17 of this year. Under the heading, "Egg producers bear brunt of freight boost," the article says:

Small quantities of eggs shipped independently to city markets will cost the producer considerably more in freight and express charges since the 21 per cent increase in freight rates came into effect, according to information from W. A. Landreth, general manager of Canadian Poultry Sales.

He told the *Citizen* Friday that the minimum express charge of 15 dozen crates used to be 35 cents but that this had been increased to 75 cents.

"It used to cost approximately 2⅓ cents per dozen to ship eggs in small quantities by express, and this now is 5 cents per dozen," he said.

"In addition, the railroads used to have a minimum freight charge of 50 cents which now has been advanced to 75 cents," continued Mr. Landreth.

In the majority of cases this additional cost would be borne by the producer, he said, adding that he did not think the increased freight and express charges would be reflected in the price per dozen to the consumer.

While the rates on eggs shipped in Manitoba have increased 80 and in some cases 100 per cent, in Ontario and Quebec the rates on eggs in crate lots remain the same for the simple reason that the railways have to meet truck competition. That makes it very unfair to the prairie provinces. I have made inquiries

into the rates on the shipment of eggs in Ontario and Quebec and I have ascertained that the rate today is the same as it was before the 21 per cent increase was granted. I repeat that is very unfair to the prairie provinces, because while we have many trucks in Manitoba operating right through the districts which I have mentioned, when the owners of these trucks are issued licences for public service vehicles by the Manitoba public utility board, it is on the condition that railway rates will be maintained. The railways therefore have no competition and charge the full rate.

I have a clipping here from the Winnipeg *Tribune* of April 17, 1948, headed: "Truck rates boost seen," which reads:

> Manitoba truckers, through the Manitoba Auto Transportation Association, plan to ask the provincial government for an increase in truck freight rates to bring rates in line with new railway changes.
>
> The *Tribune* learned today that the M.A.T.A. will issue a statement on the matter next week.

No matter how many trucks we have, truck competition should never make any difference in the freight rates because the board in Manitoba insists that the trucks must haul freight at railway rates. It will readily be seen that if these present tariffs are maintained we can expect a decline in the production of poultry products. This will have a serious effect on the mixed farming program, which is essential to the future welfare of the agricultural industry in the constituency of Selkirk.

Something should be said about the rates on bread. I have here a telegram from Lundar, Manitoba, dealing with the bread situation. It reads:

> Bread rate Lundar to Gypsumville, old rate 51 cents per hundred, minimum 35 cents, new rate $1.05, minimum 75 cents. Rates to closer points are comparatively high according to new rate.

Here we have a rate which has risen over 100 per cent, and even the minimum rate, which has been raised from 35 cents to 75 cents, represents an increase of over 100 per cent. These figures make the 21 per cent increase, so-called, look ridiculous because the increases amount in some cases to over 100 per cent instead of 21 per cent. This applies not only to the constituency of Selkirk but also to many other parts of the prairie provinces. I have in my possession bills of lading for shipments of bread by express from Melville to Duff, Saskatchewan, and one of these bills shows the old rate to be 35 cents, while the other shows the new rate as 75 cents for the same weight.

Mr. KNOWLES: Page the Minister of Agriculture.

[Mr. Bryce.]

Mr. BRYCE: It is a serious business. In addition, livestock producers in the constituency of Selkirk are hard hit by these new rates, which will have the effect of curtailing the production of cattle, sheep and hogs, which have proved in the past to be such a real asset to the interlake country.

Let us look at the livestock rates on a carload of 20,000 pounds minimum from four points in my constituency. Gypsumville, which is 161 miles from Winnipeg, had an old rate of 21½ cents a hundred pounds. The new rate is 26 cents, an increase of $9 per car. Hodgson is 105 miles and had an old rate of 17½ cents. The new rate is 21 cents, a difference of $7 a car Riverton has the same increase, and so has Arborg. Let us look at the 12,000 pound minimum rate and compare it with the rate in the east. I was not able to get the rates on 12,000 pounds, but I took a lower rate. I took 10,000 pounds, which still gives the east an advantage in my argument. As I said, Gypsumville is 161 miles from Winnipeg, our logical market for shipping our cattle. The old rate was 29½ cents; the new rate is 36 cents, an increase of $7.80 a carload. But for the same distance in eastern Canada, in Ontario and Quebec, the old rate was 20 cents; the new rate is 24 cents. There is a difference of 12 cents between our new rate and the new rate in Ontario and Quebec.

Hodgson is 105 miles from Winnipeg. The old rate was 23 cents; the new rate is 28 cents, an increase of $6 a car. The equivalent rate in the two provinces to which I have referred is 15 cents and 18 cents, a difference of 10 cents between the two sections of the country. The old rate for Riverton was 21½ cents; the new rate is 26 cents, a difference of $5.40 a carload. The equivalent rate for eighty-three miles in Quebec or Ontario is 15 cents old and 18 cents new—18 cents as against 26 cents in the west. Arborg is in the same position as Riverton except that the rate in eastern Canada is 17 cents instead of 18 cents. I do not think that that is fair. I do not want to go into the discrimination angle, since I like to live peaceably with everybody; but there must be some way in which this increase can be equally divided instead of having the western farmer carry the load, all because in eastern traffic the trucker can cut in on the railroads. In the east the railroad sets the rate to meet truck competition, while in Manitoba we are bound to maintain the railroad rates.

The freight rate in the movement of livestock to our central market of Winnipeg is not the entire cost to the producer, because a high percentage of this stock is marketed outside Manitoba, most likely in Montreal or Toronto. Therefore the farmer will now not

only pay more freight to Winnipeg, but will take less for his livestock to pay this extra charge, because our Winnipeg prices are based on the eastern markets less the freight rates. With the new freight rates the farmer finds himself squeezed between ever-increasing costs and more or less fixed prices. The farmer is now in the position of having to sell many of his products at set prices and of having to buy at very high prices the goods he needs to farm with. For the farmer there have been steady increases in both the cost of production and the cost of living, and now an increase in freight rates is the unkindest cut of all.

Once railway rates go up, they seldom ever come down, and should farm prices decline I am sure farmers will not forget that not many years ago the freight rates on many products ate up the returns and very little was left for the farmer when his statement came back. The discrimination against the west was very bad before the new rates came into force. From the rates I have quoted it can be readily seen that the west is going to be worse off than ever before. I have shown the house by examples that Ontario and Quebec will still have their old rates on many things, while we in Manitoba are now faced with increases up to a hundred per cent.

In the debate it has been argued that if a member is against the freight rate increase he must be against the railroad workers getting an increase in wages. That is not so, Mr. Speaker.

Mr. MITCHELL: May I ask my hon. friend a question? How does he expect the railroad workers, particularly those on the Canadian National, to get an increase without an increase in freight rates?

Mr. COLDWELL: Give them decent capitalization.

Mr. BRYCE: I should like the minister to have the same patience as I have when I am listening to him, and to wait until I have made my argument; then I shall be only too pleased to explain my views on the matter.

I was pointing out that some hon. members have said that to argue against the freight rate increase is to argue against an increase in wages for railroad workers. That is not so. The increased efficiency of the railways, the improvements in railway transportation that have taken place during the last thirty years is progress the railways can well be proud of. An engine thirty years ago travelled only one divisional point, perhaps a hundred miles or a little more. Now it travels at least three divisions. The engines are bigger and better than they ever were before. Box cars were built thirty years ago to handle 60,000 pounds of freight; today the railroads are building freight cars to carry 80,000 pounds, and in many instances the companies are building cars to carry 100,000 pounds. When I came to this country it was a common sight on the prairies to see freight engines rolling along with fifty cars of grain; today we have engines that can handle a hundred cars of grain. The cars are heavier than ever before. Hon. members can see these things in the central provinces. The engines can haul more than they ever did before. There have been tremendous savings in the operation of the railroad. All this development and improvement must have saved money for the railroad companies and some part of the savings should go to the men who operate them, no matter what branch they work in.

I have not the training necessary to analyse the reports of the railroad companies, but from my experience in railroading I know that they are making good profits. Perhaps I should not make that statement, because I have not the ability to analyse a financial statement and show that they are making a profit, but I know they are, and I think it can be proved by men who are capable of analysing a balance sheet—auditors, chartered accountants, and so on—and show that they are making profits.

Having been a machinist in the Transcona shops, and knowing something of the heavy work, and in many cases particular work, performed by railway workers in all trades, I want to support the demands for increased wages. If that means that the railways will have to secure additional revenues, then ways and means to increase those revenues must be found. But that does not justify that 21 per cent increase in freight rates, for that is an unequal and discriminatory way of doing it and will only take away any increases in wages the workers might get. Let us find a proper basis for getting increased revenues, if they are needed, so that the people of Canada will not have to bear the burden unequally, particularly in the west and in the maritimes; and so that the workers can get the wage increases they deserve.

Mr. F. T. STANFIELD (Colchester-Hants): Today I must apologize, Mr. Speaker, for having a bad cold; so I shall make my remarks just as brief as I possibly can.

Mr. GRAYDON: They will be good anyway.

Mr. STANFIELD: I realize that this matter of freight rates is a great question across this whole country of ours and that, politically, it is dynamite. It is of great importance to the railways and to the employees of the railways. It is also a great question to us in the maritimes. This increase will make it a little more difficult for all of us down there, especially for us in Nova Scotia which, at the present time, is having a little difficulty with its internal economic position, in changing back completely to a peacetime economy.

We in the maritime provinces know quite well that the railways need more revenue. There is not any question about that. We maintain that the railways must be kept in a strong position, from both an operative and a financial point of view, all the time. However we object to paying more than our just share of the increase in these rates. The people of the maritimes are, I believe, quite prepared to pay a just share of the increase in revenue needed by the railways. If our rates had been increased by 8 or 10 per cent, I believe that would be just as fair an increase as 21 per cent is for the large central provinces of Ontario and Quebec. I will endeavour to point that out clearly in a few words later on. I believe it is a fair statement to make that it costs the people of the maritimes $1 to $1.50 in freight rates as compared with fifty cents to sixty cents in central Canada; that is, Ontario and Quebec. I have reference to rates for the same class and volume of freight received by the consignees in the two regions. Therefore an increase of 21 per cent might easily amount to twenty-five or thirty cents to the people in the province I come from, whereas it would amount to an increase of only ten to fifteen cents in central Canada.

I will just give a few illustrations; I will not quote any figures. Hon. members may look them up if they have any doubts about them. In Sackville, New Brunswick, there are two firms making stoves and metal products. It is necessary for those firms to bring in a great deal of their material from Hamilton, Ontario.

Mr. BLACKMORE: Will the hon. member speak a little more loudly, please?

Mr. STANFIELD: I cannot do so, I am sorry to say, on account of my cold.

Mr. BLACKMORE: Then will the hon. member face more this way?

Mr. STANFIELD: Yes. If hon. members will compare the freight rates from Hamilton, Ontario to Sackville, New Brunswick, with the freight rates from Hamilton to Montreal, they will be surprised how much difference they will find. And if they compare the freight rates on the return shipments of these stoves and various enamel products which these concerns make, to Ontario and the western part of the country with the rates on shipments from Montreal, they will be still further surprised. I think my statement will be found to be correct, that the two firms at Sackville have to pay at least 200 per cent more than do firms in Montreal.

The case of the sugar refinery in Saint John may also be mentioned. If they want to get into the Montreal market, they must absorb all the cost of the freight between Saint John and Montreal. Otherwise they cannot sell their sugar there. Therefore any large increase like 21 per cent will mean a great deal to that sugar refinery in normal times.

In the minister's home town of Cornwall is Canadian Cottons, which also has two large mills in New Brunswick. I am sure that the freight cost to its two factories in New Brunswick would be 150 per cent more than the cost of freight moving into the Cornwall plant; and in saying that, I mean for the same volume of freight.

It may be said that we should make all these things ourselves in the maritimes and we would be better off. But we just cannot live within ourselves down there, because of our geographic position and for many other reasons. We must bring things in. Therefore the products we bring in come from long distances. Many of the products we have to sell, such as our potatoes, apples, lumber, et cetera, must be shipped long distances. Therefore the freight rates are heavy on the people of the maritime provinces when compared with the freight rates on the short hauls in the central provinces. These comparisons may not be 100 per cent correct, but they are substantially correct. They certainly show how grossly unfair these increases are to these three little provinces down by the sea. They put them at a further disadvantage in the Canadian economy.

It is my understanding that of the estimated $70,000,000 which these increases will bring to the railways, nearly $45,000,000 will come from the four western provinces and the three maritime provinces. This means that they will certainly be absorbing a little more than their just share. The west do not get any increase on their grain. Having received such consideration as that, they should not have too much complaint. But what exception from the increase do we in the maritimes get for our lumber, our fish, our potatoes or apples or any other of our natural products? Not one five-cent piece! It may be said that

on our coal we did not get any great increase; but we did not get any special consideration whatsoever on coal rates. The coal rate was increased by twenty-five cents a ton all over Canada, and we got the same consideration as anyone else on coal.

Mr. CHEVRIER: The hon. member knows that the increase was twenty cents a ton in the maritimes. The railroads, or at least the Canadian National Railways, did not put into effect the twenty-five cent increase. They put into effect the twenty cent increase per ton.

Mr. STANFIELD: All right.

Mr. BLACK (Cumberland): We were entitled to 20 per cent off the twenty-five cent increase in freight on coal, as I understand it, under the Maritime Freight Rates Act.

Mr. CHEVRIER: I did not wish to interrupt the hon. gentleman's line of thought, but I felt that at that point I should say that the increase is twenty cents, not twenty-five cents.

Mr. STANFIELD: These rates only apply to Diamond Junction. The 20 per cent reduction only applies as far as that point and no farther.

Mr. CHEVRIER: I was not referring to the Maritime Freight Rates Act but to the fact that the increase of twenty-five cents a ton on coal was not put into effect by the Canadian National Railways. Instead, they made the increase twenty cents.

Mr. STANFIELD: While I am dealing with the matter of coal I may say that the subsidy on Nova Scotia coal from Glace Bay to Montreal is about $1.35 a ton, while the subsidy on coal moving from Alberta to Toronto is about $2.50, so in comparison it will be seen that we do not get any special consideration as far as coal is concerned.

No doubt the other parts of Canada have many just complaints with respect to discrimination, but I want to deal only with the discrimination that is shown against those three little provinces down by the sea in the judgment handed down by the board of transport commissioners. Members of this board, I am sure, are all honourable and capable men, but it does seem to me they must have forgotten or never heard about the provinces of Nova Scotia, New Brunswick and Prince Edward Island. It is only adding insult to injury to ask such a good and kindly people as those in the maritimes to swallow such a dose of medicine as this discriminatory increase in freight rates. It is all very fine to talk about finding some way to rectify these injustices, but once these rates are put into operation, it is another matter to get rid of them. I want to wish the minister every success in his endeavour to remedy this condition.

In closing, may I add that we do not want anything to do with subsidies. We are not asking for charity or a hand-out. All we want is just consideration in the matter of freight rates, with due regard to our geographical position.

Mr. BLACK (Cumberland): Did I understand from the statement made by the minister that the maritime provinces get 20 per cent off the 21 per cent increase in freight rates, or, in other words, that we are entitled to 20 per cent off the increase of twenty-five cents a ton on coal?

Mr. CHEVRIER: The Maritime Freight Rates Act, as I understand it, is not affected in any way by the judgment of the board of transport commissioners. But in that judgment the board, over and above the 21 per cent increase, granted the railways an increase of twenty-five cents a ton on coal. My information from the officers of the Canadian National Railways is that they are not putting the twenty-five cents a ton increase into effect in the maritime areas, but that they are going to put into effect an increase of twenty cents a ton, or five cents less than is authorized by the board.

Mr. BLACK (Cumberland): That is simply applying the 20 per cent reduction to the increase of twenty-five cents. Are we entitled to 20 per cent off the twenty cent increase?

Mr. DEPUTY SPEAKER: Order. The house is not in committee.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, owing to a certain indisposition occasioned by a rather heavy bout with the 'flu I have not been present in the house for any length of time during the past two weeks, so unfortunately I have missed the major portion of this debate. But I have followed the record fairly closely. It is not my intention at this late stage of the debate to delay the house for any great length of time, nor do I feel capable of a sustained effort, but I should like to say a few words.

I would not presume to think myself capable of dealing with the intricacies of freight rates. I consider that a technical matter to be dealt with by experts, with decisions to be made by a judicial body. However I wish to place before the house the opinions of my constituents concerning this 21 per cent increase, particularly in view of the discrimination British Columbia has suffered throughout the years. When I say "my constituents" I am speaking for those of all parties because,

as far as my constituents are concerned, this is not a political question. It is a bread and butter question affecting every man, whether he be a Conservative, a Liberal, a C.C.F'er or whatnot. As a result there is widespread opposition in British Columbia to the recent increase in freight rates.

I said this was not a partisan question. I believe that has been evidenced by the debate which has taken place so far, and by the fact that from the provinces particularly concerned protests have come from every level, governmental, industrial, commercial, farming and so on. So in considering this matter I think we are dealing with a question affecting all the Canadian people, with which all are concerned regardless of political affiliation.

The protests that have been heard in this house have indicated a widespread opinion that British Columbia, the prairie provinces and the maritimes are suffering definite injustice under the present freight rate structure, and I support the position which has been taken by other members from British Columbia who have protested against this increase. I read with interest the excellent speech of the hon. member for New Westminster (Mr. Reid), in which he briefly outlined the history of this situation as far as British Columbia is concerned.

I also read with great interest the remarks of the hon. member for Rosetown-Biggar (Mr. Coldwell) in introducing this debate. I believe later some of the members on the government side of the house complimented the hon. member for Rosetown-Biggar on his approach to this question. He covered the ground completely and in a non-political way.

I read the comments of the hon. member for Swift Current (Mr. Bentley), and rather enjoyed his salty—or coming from the prairies as he does, should I say alkaline—remarks. We must realize that he does not speak from an academic point of view but as a person who has lived and worked with the farmers, who knows what they feel and think and what they have suffered and do suffer under the present freight rate discrimination. I was very much interested in what he had to say with respect to the over-capitalization of the Canadian National, and agree with his remarks in that regard.

I read with rather less delight the remarks of the hon. member for Comox-Alberni (Mr. Gibson), who, I am sorry, is not in the house at present. I was disappointed in what he had to say. I noted, however, his statement that the lumber industry could well afford to pay these increased freight rates. In making that statement he took a narrow view because he overlooked the fruit industry in British Columbia, which will suffer a severe handicap as a result of these increases on top of the discriminatory rates in effect. I very much enjoyed reading the speech made by the hon. member for Kindersley (Mr. Jaenicke), because, strangely enough, his argument was one that has been presented by many people in my own constituency. In the course of his remarks the hon. member claimed that the board has power to deal with the question of discrimination at all times. I want to refer to that point briefly, because I do not think it has been dealt with again during this debate in the same way. That is the argument being put forward by many organizations in my riding, and it is also being publicized in the press. I should like to deal with that point for a few moments, because I think the argument is sound. First, I am going to quote from page 2929 of *Hansard* for April 13, but before doing so I should refer to the remarks of the minister at page 2662:

> There has been a tendency in this debate today to confuse two issues, the one which was the increase recommended by the board of transport commissioners and the other which was the equalization of the rates; or, to use the expression mentioned at various times in the debate, a discrimination in the rates across Canada . . .
>
> The board in this case was dealing with one specific matter, namely an application . . . to the board of transport commissioners for an increase in freight rates.

That is the end of the minister's statement. Then, on the same date the hon. member for Kindersley said:

> With great respect I say to the minister that I think he was wrong, as I shall try to show in a moment. What he said is, of course, substantially what the board of transport commissioners said in their judgment; and in my opinion the board were also wrong. They held that discrimination was not in issue, and skilfully skated around that point.

May I say I agree completely with those remarks. The hon. member continued:

> This afternoon the minister quoted from the decision of the board something which had some application to the argument I am about to make, but I am going to quote another paragraph from the judgment of the chief commissioner as it is found at page 81 of the mimeographed copy:

Mr. CHEVRIER: Would the hon. member like to have an explanation now? He says he would like me to reply to that argument.

Mr. HERRIDGE: Does the minister mean at this time?

Mr. CHEVRIER: Yes.

Mr. HERRIDGE: When I finish speaking.

Mr. CHEVRIER: No, now.

Mr. HERRIDGE: Very well.

Mr. CHEVRIER: As was explained at the time, the distinction between the two is that one was dealing with an application to increase rates and the other is to deal with an application to dispose of inequalities. The application to increase freight rates could not possibly equalize the rates, because there was no such application before the board.

Mr. HERRIDGE: I fully appreciate the minister's argument in that respect, but I agree with the hon. member for Kindersley when he said:

> The application was made under section 325 of the Railway Act, which reads:
> "The board may disallow any tariff or any portion thereof which it considers to be unjust or unreasonable or contrary to any of the provisions of this act, and may require the company within a prescribed time to substitute a draft satisfactory to the board in lieu thereof or may prescribe other tolls in lieu of the tolls so disallowed."

Mr. CHEVRIER: May I interrupt again? That is so. The board is authorized to proceed under that section. But the board also must proceed in accordance with the terms of the application made before it. And counsel from the hon. member's province, from Alberta and from other provinces as well, clearly stipulated that this was not an application to do away with discrimination. I did not wish unduly to interrupt the hon. member, but I think in fairness that should be pointed out.

Mr. HERRIDGE: I can see the point of the minister's argument. Then the hon. member for Kindersley quoted from section 314 as follows:

> "All tolls shall always under substantially similar circumstances and conditions, in respect of all traffic of the same description and carried in or upon the like kind of cars or conveyances, passing over the same line or route, be charged equally of all persons and at the same rate, whether by weight, mileage, or otherwise."
> Subsection 2 reads:
> "No reduction or advance in any such rates shall be made either directly or indirectly, in favour of or against any particular person or company travelling upon or using the railroads."
> Subsection 4 reads:
> "No toll shall be charged which unjustly discriminates between different localities."

Therefore I still agree with the hon. member for Kindersley that the question of discrimination is one which is before the board at all times.

May I quote briefly from an editorial in the Trail *Daily Times*? This newspaper does not by any means support my political philosophy, but sometimes I agree with it. I would say this newspaper, in writing this editorial, is reflecting public opinion in that district. In part it says:

> The charge made repeatedly in the course of the debate, and from the government side as well as the opposition,—

Mr. DEPUTY SPEAKER: Order. It is not in order for the hon. member to read articles from sources outside the house reflecting upon a debate taking place in the house at the present time.

Mr. HERRIDGE: I bow to Your Honour's ruling. May I say, however, that the editorial supports my contention and also the belief that the question of discrimination should have been dealt with at first. Had that been done, the increased freight rates would have been accepted with much better grace in this country, if found necessary.

I shall not take much more time, but I say that if we had a government which really supported public ownership and which gave the Canadian National Railways the advantage it has in respect of grade and so on, I believe much of this problem would disappear. And that is a belief held by many people in Canada.

As I said before, the recent increase will be a heavy burden upon the fruit industry of British Columbia. I have been an official of the British Columbia fruit growers' association for some years and have attended many annual conventions, so that I know from experience that the matter of freight rates discrimination is a serious issue with fruit growers. Even at the January conference of that association this year the following resolution was passed:

> Be it resolved that this 1948 B.C.F.G.A. annual convention endorse the action taken by the British Columbia government to have the "mountain freight rate" differential removed, and request the provincial government to continue to press for such removal.

That was in January, prior to the 21 per cent increase. Even at that time this organization considered that the fruit industry was suffering an injustice. Then on top of that injustice we have the increase announced by the board of transport commissioners, which increases the discrimination.

I have lived in British Columbia for over forty years. During all that period of time I have heard about the fight against unfair freight rates, the mountain differential, and the like. But to date, nothing has resulted from years of protest. As I understand, from correspondence I have received, I do not think reasonable people are opposed to increases

which are shown to be necessary. We realize that increased operating costs have to be met and that increased wages have to be met. We realize that there is a great demand for new rolling stock and for improved roadbeds. I must say, however, that the people I represent are opposed to the present 21 per cent increase being allowed before an equalization of freight rates is given effect. The people in my constituency maintain that the board of transport commissioners went at this matter backwards. They maintain there should have been first an equalization of rates, and then the consideration as to whether an increase in rates was necessary.

While I realize that the board cannot consider these questions from a political point of view, and that they must approach the problem from the economic point of view, I think this government must consider it in political terms, if confederation is to continue to mean anything. If Canadian unity is to be strengthened, and if it is to mean something worthwhile in days to come, then the unfair rates from which the west and British Columbia have suffered must be removed. At this time the people of British Columbia demand that equalization long delayed be given effect.

Mr. T. V. GRANT (Kings): Mr. Speaker, my first observation should bring applause from all sides of the house: it is that I am going to be very brief. I merely wish to make two corrections, with the necessary trimmings. The first of these is that a few days ago there appeared in the Charlottetown *Guardian* a front page account of the speech delivered by the Minister of Transport (Mr. Chevrier) in the House of Commons with respect to the freight rates increase. In this report it was stated that only one member from the province of Prince Edward Island applauded the minister's remarks or joined in the applause during the minister's speech, and that member was the member for Kings. I felt that it was a compliment to me, although the Ottawa reporter meant it otherwise. That report is incorrect, because I was sitting here and watching the other two members, the hon. Liberal member for Queens (Mr. Douglas) and the hon. Liberal member for Prince (Mr. MacNaught) and they both joined in the applause, very enthusiastically.

Mr. GRAYDON: Do you have to watch them that closely?

Mr. GRANT: I do not have to, but I happened to see them that time.

Mr. FRASER: I hope you see the point.

[Mr. Herridge.]

Mr. GRANT: When the hon. member for Peterborough West (Mr. Fraser) interrupts I am reminded of when I was a little boy. We used to have a billygoat which had a very perverted appetite; he used to eat nails.

I want to say that I am not finding fault with the Charlottetown *Guardian,* as that paper has been fair to me for some years; although it is a Conservative paper it has been quite fair. However, I think they should check on their Ottawa reporter, because this is not the first falsehood he has sent down to Charlottetown.

Next, I should like to correct a statement made by the Tory member for Queens when he was speaking on this matter. He said that he and other members from the maritimes had received scores of letters and telegrams and telephone calls in opposition to the freight rates increase. I took the trouble to speak to the two Liberal members from Prince Edward Island and I find that neither of them received any letters or telephone calls. I have received no letters or telephone calls, but I did receive two telegrams, one from the board of trade in Charlottetown, and another from the federation of agriculture. I asked other members from the maritimes whether they had received any letters and they said they had not. The Tory member for Queens was simply exaggerating—a thing which he always does for political purposes.

The Tory member for Queens stated his belief that the salaries of the railroad employees should be increased, but he denounced the increase in freight rates, which was simply absurd. He did not tell us, as the hon. member for Charlotte (Mr. Stuart) so aptly said, what way they had done it when they were in power. When they were in power they cut the wages of railroad employees about 20 per cent; they increased the rates and they cut down the service. In my own county of Kings they closed down one railroad line altogether, and they cut the service on another line to two freight trains a week, and the Post Office Department had to establish mail routes over those lines. That is the way they did it when they were in power. The old-time Conservatives who were here between 1930 and 1935 do not want to talk about that as much as my Tory friend from Queens, who seems to forget that he was here also.

I have just been reading an editorial in the Charlottetown *Patriot* written by the Hon. Cyrus Macmillan, who is the present editor, and who was one of the members of the Duncan commission. It is entitled, "Freight rates and common sense".

Mr. DEPUTY SPEAKER: Order.

Mr. GRANT: I am not reading the editorial; I am quoting from my own notes.

Mr. DEPUTY SPEAKER: Some hon. members have drawn my attention to the fact that the hon. member for Kings is reading from an editorial which is a commentary upon the present proceedings in the house. If that is so, he should not continue to do so.

Mr. GRAYDON: He is talking politics.

Mr. GRANT: It is the view of the Hon. Cyrus Macmillan, the editor of the *Patriot,* that the Minister of Transport acted properly in not interfering with the judgment handed down by the board of transport commissioners.

Mr. DEPUTY SPEAKER: I would point out that the hon. member should not read that editorial.

Mr. GRANT: I am not reading, Mr. Speaker.

Mr. CHEVRIER: Mr. Speaker, on a point of order, I think we should have some understanding in this debate. When an hon. member gets up and makes a statement, whether he takes it from an editorial or whether he takes it from his own mind, as long as he paraphrases he is perfectly within his rights.

Mr. DEPUTY SPEAKER: The rule is that an hon. member must express his own opinion. It makes no difference when he is expressing the opinion of some person out of the house whether he reads it or paraphrases it; the rule is that he must express only his own opinion and not read a commentary by someone outside the house.

Mr. CHEVRIER: That is not the rule of the house as I understand it. The effect of your ruling would be that if I were to make a statement in which I quoted a former minister or another individual, I would not be within the rule. Surely that is not the interpretation to put upon the rule.

Mr. DEPUTY SPEAKER: That is not the interpretation that I put on the rule. An hon. member may quote another hon. member of the house, but he may not quote people outside this house who are expressing an opinion of what took place in the house.

Mr. GRANT: My opinion is that the views of the Hon. Cyrus Macmillan are right and that the minister acted wisely in directing the board of transport commissioners to make a wide investigation into the inqualities of the freight rates and correct them where necessary.

I have read the amendment and the subamendment. I think the amendment can be summed up in the one word "procrastination", while the subamendment could be summed up in two words, "more procrastination". For these reasons I intend to vote against the amendment and the subamendment.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, it seems proper that I should say one or two more things before this debate closes, inasmuch as I said some pretty harsh things the other day regarding the minister's decision to permit the railroads to increase their freight rates 21 per cent. I should like to talk over this problem with the minister heart to heart as Canadians who are both interested in the welfare of this nation. I propose to point out to him several things which may have escaped his attention by reason of the exceedingly busy life he leads, but which probably would modify his views as to how to deal with this vexatious problem.

I tried to be perfectly calm the other day and I want to be calm today and moderate in what I say. However, some strong things need to be said because this problem has been exercising Canadians for generations.

The first important thing which needs to be borne in mind in connection with this problem is one which has already been dealt with to a considerable degree and quite thoroughly by a number of other hon. members—discrimination in freight rates. Nevertheless I propose to repeat some of these things once more so that we can all come to understand the nature of the problem which confronts us, for otherwise we might easily make a decision which we thought was for the welfare of Canada but which might result in its destruction.

We have inequitable freight rates between Montreal, Edmonton and Vancouver. I am going to use Alberta as an illustration of the inequities of the freight rate structure, because I am more familiar with that province and it will illustrate the problems which confront the west as a whole. I wish to say to the members from the maritime provinces that although I do not mention the maritime provinces, I am not unaware of their problems. Indeed I believe their problems with respect to freight rates are quite as glaring and onerous as are the problems of the west, and their complaints are for almost exactly the same reason. I am going to use Alberta as an illustration, as I said, and point out some of the things we suffer from.

We have inequitable freight rates, as has been pointed out by several members previously, in the freight haul from Montreal to Alberta and to British Columbia. May I say, before going farther, that I work with the

members from British Columbia and I am not wishing to reflect upon British Columbia in what I say in quoting these rates. The problem which confronts them is the same as that which confronts us. These are merely illustrations of glaring absurdities in the freight rate structure.

You can put 100 pounds of barbed wire on the train at Montreal and ship it to Vancouver for seventy-five cents. But if you take that same 100 pounds of barbed wire off at Edmonton you pay $1.98, which is considerably more than twice as much. Those were the rates before the increase was granted. I do not know why it is so hard to get into the heads of some people in Canada how important these discriminations are, and what a bleeding process they constitute on the people of Alberta as they go on year after year and generation after generation.

A similar thing exists in shipping building paper and roofing. It costs $1.25 per hundredweight to haul it from Montreal to Vancouver, and $1.98 to haul it from Montreal to Edmonton; kalsomine, $1 from Montreal to Vancouver, and $1.33½ to Edmonton; lard, $1 to Vancouver, and $1.98 to Edmonton; nails, $1.50 to Vancouver, and $1.98 to Edmonton.

Mr. FRASER: Can you get them to ship nails at all?

Mr. BLACKMORE: We have trouble that way too.

Paints and varnishes, $1.25 to Vancouver, and $1.98 to Edmonton; sewing machines, $2.15 to Vancouver, and $3.03½ to Edmonton; shoes, $2 to Vancouver, and $3.03 to Edmonton; soap in 100-pound lots, $1 to Vancouver and $1.98 to Edmonton; twine, $1.30 to Vancouver, and $1.98 to Edmonton; window glass, $1 to Vancouver, and $1.98 to Edmonton; agricultural implements, $1.25 to $1.50 to Vancouver, and $1.79 to $1.98 to Edmonton; canned goods, seventy-five cents to Vancouver, and $1.73 to Edmonton; flannelette blankets, $1.75 to Vancouver, and $4.53½ to Edmonton.

The argument ordinarily advanced, as the minister knows, when we quote these figures is that in taking freight out to Vancouver the railways must compete with water traffic. But it does not matter how much competition the railways have to meet by water around by the Panama canal so far as the cost to the individual Albertan is concerned. The items I have mentioned, wire and so forth, we use in fencing and in carrying on our business and agricultural production—practically everything that goes into our daily life—and these rates constitute a drain which is absolutely unjust, unfair and uneconomic from the point of view of Canada and is one to which we should not be subjected. That is the first important point.

The freight rate structure as it exists at the present time has apparently been deliberately designed to prevent internal trade and development among western provinces. One would hardly believe that a group of men of average intelligence holding office in a country which they hoped to see become great would contrive a scheme which would prevent internal trade among the provinces and within the provinces, but that has apparently been done, and done deliberately. Here are some illustrations.

The freight rate on lumber from Mont Laurier, in the province of Quebec, to Glencoe, Ontario, a distance of 643 miles, pays twenty-three cents per 100 pounds. Lumber from Vancouver to Calgary, a distance of 643 miles, exactly the same distance, pays fifty cents per 100 pounds, or more than twice as much. Will someone tell me why anyone in the Dominion of Canada living in Alberta should have to pay twice as much freight on lumber to build his house or even his pigpen as a person living in Ontario has to pay? If the minister has time I should like to see him figure that out.

Mr. CHEVRIER: That has been stated in the debate already. If you have to ship lumber or any other commodity 2,500 miles or 3,000 miles from the source of supply it goes without saying that the cost of the freight over that distance must be far greater than if it has to travel only 1,000 or 1,500 miles.

Mr. BLACKMORE: I am sorry that the minister temporarily lost contact with what I was saying. I was telling him about the cost of shipping lumber from Mont Laurier, Quebec, to Glencoe, Ontario, a distance of 643 miles, as compared with the cost of shipping lumber over exactly the same distance, 643 miles, from Vancouver to Calgary From Mont Laurier to Glencoe the cost is twenty-three cents, and from Vancouver to Calgary the cost is fifty cents. The lumber is produced right out there in British Columbia and is used in Alberta just as the lumber produced in Quebec is used in Ontario, and we have just as much right to get British Columbia lumber at a reasonable rate as Ontario people have to get Quebec lumber.

Mr. CHEVRIER: I presume the reason for the difference is the competitive rates that exist in one or other of the areas. But if there is in what my hon. friend says an inequity or a discrimination, it is the object

of the order in council, by directing the board of transport commissioners to study the question, to do away with that very thing. Why then is he complaining about what we are doing?

Mr. BLACKMORE: That sounds quite plausible, and I want to be considerate of the minister because he has not been in his department long enough to become accustomed to all these things. But the situation I have mentioned has existed in the Dominion of Canada for years and years, at least fifteen or twenty years, and never has anything been done to rectify it.

Mr. CHEVRIER: If I may be allowed an interjection, what the hon. gentleman says may be quite true, but it is a fact that over a period of more than twenty years no application has ever been made to the board to do away with discrimination or inequities.

Mr. BLACKMORE: Once more the minister's inexperience must be his excuse for lack of knowledge about this matter, because in the "Case for Alberta", which was prepared by the present administration in Alberta in 1937, all these details are carefully enumerated, and a strong but respectful and dignified protest was made to the Rowell-Sirois commission. There was no excuse at all for anyone failing to know—

Mr. CHEVRIER: May I tell the hon. gentleman that the Rowell-Sirois commission was not charged specifically with this question of discrimination. It was a matter having to do with dominion-provincial relations. The board of transport commissioners is the only body in this country that can study inequalities in freight rates; and what I am saying, and what I have already said, and what is the fact, is that in the last twenty years no application has been made to the board of transport commissioners by any of the provinces to do away with so-called discriminations.

Mr. BLACKMORE: Probably the minister is correct on a technicality. If he is I think he will find that the board of transport commissioners will have a busy time in the next few months, because they will have plenty of applications coming from all over the Dominion of Canada.

I would say that the submission to the Rowell-Sirois commission was certainly a public document and was placed in the hands of the dominion government with the object of having that government read it and be governed thereby.

I go forward with some more of the things which are impeding us in the west. You would think that an evil genius had determined that we should have no chance at all to develop out there. Here is a dominion which possesses resources of the most admirable kind, and a people who are prepared to use these resources, but they are hampered at every turn by inequitable regulations such as the ones to which I am referring, and such have been going on for many years. I myself complained on the floor of the house concerning these matters in the days before the war, although I did not say anything after the war broke out, because I felt that we should keep quiet about these things while we fought the war; but now something must be done.

Here are some more difficulties with respect to lumber. The freight rate from Mont Laurier, Quebec, to Windsor, Ontario, 725 miles, is thirty cents a hundred. From Vancouver to Bassano, 720 miles, it is 52½ cents a hundred. From Mont Laurier to Finch, 243 miles, the rate is 17½ cents a hundred. From Edmonton to Cluny, 245 miles, the rate is 27½ cents.

We now come to fruit. It must be borne in mind, Mr. Speaker, that although we probably cannot ship fruit from British Columbia to Ontario—we probably might not desire to do so—we should be in a position to use British Columbia fruit in Alberta without let or hindrance from the dominion government or any agency thereof. To ship fruit from Hamilton to Vaudreuil, 355 miles, we have to pay sixty-five cents a hundred; that is in eastern Canada. From Okanagan Landing to Calgary, 358 miles, we have to pay $1.04 a hundred; from Hamilton to Isbister, 453 miles, we have to pay 91½ cents, but from Okanagan Landing to Red Deer, Alberta, 453 miles, exactly the same number of miles, we have to pay $1.41 a hundred.

Let me turn to grain and deal with carload rates on domestic grains. In the east we can ship a hundred pounds of grain a hundred miles for 7½ cents. That figure applies to Ontario and Quebec. But on the prairies we have to pay fifteen cents a hundredweight; in British Columbia we have to pay seventeen cents a hundredweight. The argument may be advanced that British Columbia has mountains. No such argument as that can be advanced for the exorbitant rates which obtain in Alberta, Saskatchewan and Manitoba where the country is plains. Why in the world should we not be able to ship grain from northern Alberta, where barley and oats can readily be produced, to southern Alberta where we want to feed it? Why cannot we ship the grain as cheaply as over a similar distance in Ontario and Quebec? It simply does not make sense. Grain over long hauls —we have long hauls in the west—from Fort William to Montreal, 995 miles, costs twenty

cents a hundredweight, but from Streamstown, Alberta, to Vancouver, 995 miles, the same distance, the cost is forty-nine cents, or more than twice as much. Evidently it was obvious to the men who first drafted the railway freight rates that Alberta and Saskatchewan would ship their grain west to Vancouver and have a market overseas, so they designed a freight rate structure which would prevent that for all time; we have been suffering under that thing ever since, and we are still suffering from it. Why should that be so? If it did not happen by design it was certainly a remarkable coincidence.

Mr. CHEVRIER: Well, it did not.

Mr. BLACKMORE: I am certainly glad to hear that, and I hope to see the board of transport commissioners rectify its blunder at an early date.

Certain freight rates from which we are suffering, Mr. Speaker, have the effect of putting a tariff barrier around Ontario industry. What would you think of a Dominion of Canada, where so many people love to talk about Balkanizing the country because we insist on provincial rights; what would you think of a Dominion of Canada, in which the provinces of Ontario and Quebec, acting through the board of transport commissioners over which they politically are strong enough to exercise control; what would you think of their putting up a tariff barrier that keeps Alberta produce out of Ontario? That has actually been done by freight rates—

Mr. CHEVRIER: Ridiculous.

Mr. BLACKMORE: Here is an illustration. Of course it is ridiculous. We are taking the brunt of it.

Mr. CHEVRIER: It is ridiculous to make the statement that it has been done designedly by the board. My hon. friend should know that the rates in the east are governed not only by the conditions existing on the railways but also by competition on the water and on the highways, and because of the competitive rates the rates in the east are lower. As the hon. gentleman knows, the railway and shipping committee is now sitting and it has its experts there.

Mr. BLACKMORE: Exactly so, Mr. Speaker, but that consideration does not explain the inequity I am talking about. Let me give you the details. To ship 400 boxes of Alberta butter, which is dairy produce, partly processed, from Edmonton to Toronto costs $764.82, exclusive of icing charges. To ship the same weight of partly processed Ontario milk product, namely condensed milk, a slightly longer distance, from Aylmer, Ontario, to Edmonton costs $467.46 which, in this case, means that the freight rates have been designed to put Ontario semi-processed milk products on to the Edmonton, Alberta, market and to shut off Alberta products from the Ontario and the Quebec market; there can be no other explanation of it at all. There is no competition there, none at all; there are no water rates competing; there is no truck rate competing. It is just there as a tariff barrier; that is all.

I have not mentioned many others that could be adduced, but here is an example that is glaring. I do not want to accuse the board of transport commissioners of injustice, but the evidence is so strong that a person cannot possibly escape the conclusion.

Then we have rates on freight that impede the industrial development of Alberta. Here is an example of that. You can ship a beef steer from Edmonton to eastern Canada for $1.14 a hundred, but when you kill the steer and put him in a refrigerator car, making it far easier to ship him, taking much less space and removing all need of caring for him so that it should cost less, you ship him the same distance for $1.88. I will repeat that. To ship a living steer costs $1.14 a hundred; to ship the dead steer costs $1.88 a hundred. What does it mean? It can mean only one thing, namely, that Ontario and Quebec have wanted to have the privilege of killing the steers themselves. Let Alberta raise the steers, then ship them to Ontario and Quebec so that they can be killed and processed there and the offal sold in Ontario and Quebec and the work carried on there. That sort of thing is simply inexcusable. I do not believe that can be justified on any grounds whatsoever. There was evidently a deliberate attempt there to prevent processing in Alberta, and the development of an industry. The same thing, I am sure, would apply to Saskatchewan and the various other western provinces.

Here is a picture unsightly to contemplate. Here is no apparent honest effort on the part of the board of transport commissioners to find revenue for the railways, but rather it appears to be a mean, ugly plot to throttle the economies of the western provinces. It looks like a deep-laid scheme to keep those provinces in economic servitude and to exploit them perpetually for the benefit of Ontario and Quebec. Some people will accuse me, or suspect me, of being sectional. That is absolutely untrue. The people of Alberta are just as loyal to the Canadian flag, Canada and the British commonwealth as are the people anywhere.

Mr. DEPUTY SPEAKER: Order. I must ask the hon. member to confine his remarks to the amendment and the subamendment which are under consideration, which deal with freight rates.

Mr. BLACKMORE: Thank you, Mr. Speaker. I am delighted to do that. There is no sectionalism whatsoever involved. All we want in the west is a square deal; and it is time both the western provinces and the eastern provinces got a square deal. It is time we started to give them that. It looks as though there had been a design on the part of the eastern provinces, Ontario and Quebec, to keep the population of Alberta and the west from increasing, so that they would be unable to gain political power to force the eastern provinces to give them the rights which they are now denied because they do not have the political power. All the members who come from the four western provinces and the three maritime provinces get outvoted by the people from Ontario and Quebec. As long as that is the case we shall have to submit to just anything that Ontario and Quebec choose to give us.

Mr. DEPUTY SPEAKER: Order. I must again remind the hon. member that he is not discussing freight rates, and that he should confine his remarks to the amendment and the subamendment.

Mr. BLACKMORE: I hope Ontario will remember what I have said, anyway, Mr. Speaker. There are several other matters which tend to make these discriminations against the western provinces bear upon us with particular severity. We have inequities of tariff, on which I do not intend to elaborate, but which show that the four western provinces are being—

Mr. DEPUTY SPEAKER: Order. The hon. member is apparently paying no attention to the Speaker's remarks. I have pointed out to the hon. member that he must confine his remarks to the amendment and the subamendment which are under consideration. I must ask him to do so. I hope he will not ignore that request.

Mr. BLACKMORE: All I can say, Mr. Speaker, is that you practically emasculate the speech which I have a perfect right to deliver in this house. But you are in a position to make me bow to your ruling, and I intend to do so.

An hon. MEMBER: Everybody else can wander all over the map.

Mr. LOW: There has been plenty of wandering in this debate.

Mr. KNOWLES: May I point out, Mr. Speaker, that the subamendment refers to the request of seven provinces. Surely the remarks of the hon. member, whether we associate ourselves with them or not, are related to the inequalities that certain provinces feel are developing in this country.

Mr. DEPUTY SPEAKER: The amendment to which the hon. member for Winnipeg North Centre (Mr. Knowles) refers, deals only with freight rates. The hon. member for Lethbridge was about to discuss tariffs, and I take it for granted it was the customs tariff to which he was referring. I cannot allow any such discussion at this time.

Mr. BLACKMORE: That is all right, Mr. Speaker. We shall go forward and let the bygones be bygones. But the point is that if the western provinces had not been persecuted and tortured by the sort of treatment they have had from the east in the past for these many years, they would not feel so badly about taking a 21 per cent increase. But under the circumstances it is unbearable; it is the last straw. That is the kind of thing that I was trying to convey to the members of the house. But I have plenty of other things to say. I do not need to say this.

I should like to turn now to the question of the inadequacy, from the point of view of the railroads themselves, of granting this 21 per cent increase. It is my judgment that probably the most unwise thing the government could do at the present time, in the interests of the railways themselves, is to grant this 21 per cent increase. I do not intend to go into detail, but I will say this. If the western provinces and the three eastern provinces have the spirit, courage and independence which I believe they have, they will find ways and means of making this a sorry day for the railroads.

Mr. GRANT: Threats.

Mr. BLACKMORE: In the first place, if the western provinces accept this increase of 21 per cent on top of all the suffering they have had up to the present time, it will only help to impoverish them. Ultimately, it will be likely to ruin them. To see the possibility of that, all that is necessary is to look at the 1930 experiences. It will then ultimately ruin Ontario and Quebec which depend, in a large measure, on those provinces for markets. If that happens, of what good will it be for the railroads to have high freight rates when they will have no freight to carry?

It will finally ruin the railroads themselves, in my judgment, because the trucks will take

over the business, and the business will gradually decline. The hon. member for Selkirk (Mr. Bryce) talked about the province of Manitoba refusing to allow the trucks to underbid the railroads. While I am on that point, I should like to give Manitoba a little bit of kindly advice. It is that they had better alter their ways with respect to that kind of thing, and let their trucks compete with the railroads. Otherwise they will suffer in their own economy.

I am not questioning the value and importance of the railroads, by any manner of means. I know the railroads are necessary in Canada, first of all, to bind the Canadian provinces together in the Canadian union; second, to haul wheat and other commodities which could not very well be hauled those long distances by trucks; and finally, as a defence mechanism. In the case of war or other trouble, it is absolutely essential that we have the railroads there. I realize that, and the people of the western provinces realize that as well as anybody does. So we know perfectly well that the railroads must have support.

We know, too, that the railroads are labouring under serious handicaps, and it is well that the members of the house and the people in the country as well as the members of the government should be aware of that fact. There are great reaches of difficult or unproductive territory—mountains and prairies—where there is a scarcity of population, over which the railroads have to travel. We know that. What we cannot see is why it should be taken out of us. We will grant that there are great areas like the one between Ontario and Manitoba. We will grant that there are long reaches of prairies where there are few towns, and the people are scattered. But why should we westerners have to pay the shot just because that situation exists? We will grant that motor transport is cutting into the revenues of the railroads at an alarming rate, and will continue to do so to a more and more serious degree. We will grant that aeroplane transport is being developed in the Dominion of Canada and ultimately that will take the cream off the railroads' business. We will grant that there is water transport competition.

We will grant that there are increasing costs in the conduct of the railroads. We will grant that there are increasing demands on the railroads. For example, as all hon. members know, it is extremely difficult for the railroads to sell their upper berths. Everybody wants a lower berth. That simply increases the costs of the railroads. That is just a little illustration. We will grant that all these things exist. We will remember air-conditioning and all the other things which the railroads have to introduce in order to make themselves better. We will grant that all these increase costs. We know the handicaps which the railroads are under. I am not complaining against the request of the railroads for additional consideration. There is obvious need of financial assistance under the circumstances. I realize that.

But the important question is, where is the money to come from? We do not believe all the money should come from the four western provinces and the three eastern provinces. We do not believe we should get all the money through increased freight rates; and I am quite sure that, in the course of the years, it will be discovered that this is simply not a sound way to get the money.

I would suggest to the government several measures. Why not remove the sales tax on all the materials used by the railways, thereby greatly decreasing their cost of operation? Why not reduce the capitalization of the Canadian National, a suggestion which has been made several times in the house? Why not reduce the bonded indebtedness? Why should the Canadian National be saddled with bonds that some foolish person contracted some twenty-five or thirty years ago, at six per cent interest? Can anyone see any reason why, when we know money should not cost more than three per cent, the government should allow a condition like that to continue? Why not reduce these interest rates?

I would say that if these measures, together with certain others that could be undertaken other than increased freight rates, are not found sufficient, then the cost of maintaining these two great railways, which are a magnificent asset to this country and a basic necessity to the welfare of Canada at this stage of our development, whatever may be the case in the future, should be made up from the consolidated revenue fund and borne by all the people. These two great railways are not only a national asset: they perform a national service to the Dominion of Canada, and consequently we all should pay for them.

May I now say just a word to the provinces? I hope this will not be out of order. After all, I see no reason why a member of parliament should not say a word to the provinces and to the people of the west and the maritimes. Now is the time when you will have to take a stand. Either the provinces and the people with them take a stern stand at the present time and force the government at Ottawa to recognize them and give them justice and the right to live, or they will permit themselves and their

people to sink deeper into economic subservience. We have had plenty of experience. We see the temper of the men in power in Ottawa. We see what the board of transport commissioners are determined to do, and what the Minister of Transport (Mr. Chevrier) is determined to do. The question is, is there enough courage and determination in the provinces of Canada and the people of Canada to take a stand in the interests of a great, united and prosperous country?

Mrs. GLADYS STRUM (Qu'Appelle): Mr. Speaker, I realize that the house is anxious to have this vote taken, but I do not think the majority of hon. members here realize what railways mean to people in other parts of Canada. I think I should tell you, Mr. Speaker, that in my constituency we are not yet operating our cars. Our roads have been blocked since last December; our trucks are not running. I believe hon. members should realize that the railways are the lifeblood of the western provinces. There we have weather conditions and settlement conditions which do not exist in the east. We have a sparse population, so that we cannot possibly bear the cost of keeping our highways open for truck competition all winter. We do not have the great lakes; we do not have the facilities for transport that are to be found in central Canada. So we must have our railways, and we must support them.

No one would deny that the people who do the work of operating the railways should have a decent living. No one who is familiar with the increase in the cost of living would dispute that wages do not mean what they did a few years ago; and I for one would not say the men who work on the railways do not need an increase in wages. We had some rather unkind remarks permitted by the Speaker in the house yesterday, dealing with the attitude of the C.C.F. in their treatment of labour. It was insinuated that the C.C.F. are trying to serve two masters, because we recognize the contribution that both farmers and railway men make to our economy. I do not consider that serving two masters. It must be remembered that in Saskatchewan we have the best labour laws in Canada, and they were put through by farmers, not by labour men. We realize that we all work, and it is not important whether you work on a farm or on a train; if you work you are entitled to a decent wage.

I want to refer again to the motion, because I think we have come a long way from the amendment which precipitated this debate. The hon. member for Rosetown-Biggar (Mr. Coldwell) moved on April 7 that we should not permit these increases to go into effect. His motion was that certain words be deleted and the following substituted therefor:

> this house is of the opinion that the failure of the government to defer the imposition of the increases in freight rates recently authorized by the board of transport commissioners is inimical to the best interests of the people of Canada; further this house is of the opinion that the government should reconsider this matter and take action to prevent the proposed increases from coming into effect at this time.

I want to support that motion, because I believe that failure of the government is inimical to the best interests not only of my province but of seven provinces out of nine, and I believe the government should not have allowed those rates to go into effect. I believe the board was right in acting upon the recommendation of the government. It was requested to investigate the increased costs, and the application was for an increase of 30 per cent. The board investigated and granted an increase of 21 per cent. No one should blame the board for that.

I do blame the government, however, for not reading its own reports. I have in my hand a report submitted by Hon. T. C. Davis, who was attorney general of Saskatchewan under a Liberal administration. He submitted this report to the dominion government at the sittings which were held across Canada, and the case could not have been put more clearly. I have lugged this book around in three elections, and I have never found better arguments in defence of my province. In it are stated all the facts that have been repeated time and again in this debate; that in our province we have fought the handicap of geography, the handicap of distance, the fact that we could not benefit by the competition of water transportation, the fact that we had such a tremendous physical volume of commodities to ship. These tremendous volumes of freight resulted in the west contributing twice as much in freight rates as the rest of Canada. According to the report of the Canadian Pacific Railway Company, the eastern lines earned $76,000,000 and the western lines $146,000,000 in the same period. We also have the statement in this report that construction costs were very much less in the west; that maintenance costs are very much less, and the statement that we have provided a great impetus to Canadian nationhood.

Again I want to refer the government to its own reports, because I think if you never read anything but government reports you could win an election anywhere in Canada running against the government. Here I have book I of the submission to the royal commission on dominion-provincial relations,

which contains a section under the subtitle "The wheat boom." In this chapter we are told in no uncertain terms that for twenty-five years after confederation Canada stagnated in the depths of a dreadful depression. We were brought out of that depression by the wheat boom and the development of a railway and tariff policy which created the great financial and industrial east; and we are told that in the development of the west we created the basis for our great nation as we find it today.

I do not know why we should go on forcing the west to bear this handicap of geography. I do not agree with the hon. member for Lethbridge (Mr. Blackmore) that it is a diabolical plot. I do not believe someone sat up nights trying to cook up some awful scheme, but I do know we have failed to remedy these things which are basic in our federal system, and I think it is time the government took seriously the submissions of the provinces when these hearings were held across the dominion.

I, for one, think we have achieved a remarkable degree of success in creating a nation out of this wilderness. We have gone contrary to all the factors of history and geography. We have defied the natural stream of trade. We have defied those terrible reaches of unproductive country. I never go west over our railroads but I think of the fathers of confederation as they sat at Quebec and in London and dreamed of the unity which they hoped some day to achieve.

I do not think anyone in his right mind or with his senses could but realize the terrible handicaps, when he considers that in those days to reach British Columbia one had to go around the tip of South America, if he went by water.

Those were dreadful handicaps; and we have been paying in the west ever since. We have not been given the advantage of the national development of this country. So I would urge the minister to see to it that this is taken into consideration, when his board sits.

I realize that these freight rates have gone into effect; that they cannot be altered by a vote of the House of Commons. I realize that the board is now investigating; but I would urge upon the minister that he bring his influence to bear upon the consideration of these natural handicaps, these dreadful geographical factors which have imposed such hardship upon the west. I believe figures were put on record by the hon. member for Moose Jaw (Mr. Thatcher), which deal with the cost of shipping a car of livestock east, as compared with the cost to the eastern farmer. However I should like to remind the house again of those figures. The cost for the eastern farmer within four hundred miles of Montreal is $64; the cost for the western farmer is $287.

The government has recognized this handicap in its policy in regard to the eastern movement of coarse grains. In the attempt to have more meat produced, freight has been paid for the eastern farmer. This has been done because it has been realized that he could not possibly compete with a man who grew his own grain for the feeding of livestock. The man who fed only what he could grow on his Ontario farm was not in the same position at all as the man who bought his grain from the west, if he were required to pay the freight. And so the government in this instance has at least made a beginning in equalization by recognizing this long haul north of the great lakes, and paying the freight from Fort William to the point where the farmer buys his feed.

There have been other attempts at equalization. There are certain firms in Canada which have worked out their own equalization, so that if one buys a certain kind of washing machine anywhere in Canada he will pay the standard price, right across the country. I believe that is true of tobacco; and in my opinion it is a useful method for any company to bring into effect. This proves that it can be done and that it is acceptable to the Canadian people. In my opinion that should be the basis for this government's policy. It should recognize that no one should be punished because he happens to live in the west. And in that connection may I say I was impressed by the evidence given by the hon. member for Lethbridge respecting not only the difference in distance, but the difference in rate.

I am sure if hon. members from British Columbia were free to talk now, as they were when the first amendment was moved, they could bring forth many examples. I am sure hon. members from the maritime provinces could also give many examples.

I have been reading what is known as the Jones report. We are all Canadians, and proud of it; and because of that I think we should insist upon the removal of these inequalities and natural handicaps by the government. I hope, in considering this matter, the government will take what I have said into account.

BUSINESS OF THE HOUSE

MOTION TO SUSPEND STANDING ORDER 28 FOR SITTING ON THURSDAY, APRIL 22

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, in view of the fact that it does not appear likely that a vote can be reached this afternoon on the motion, the amendment and the subamendment, I would move:

That standing order 28 be suspended for the sitting of Thursday, April 22, 1948.

Motion agreed to.

SUPPLY

FREIGHT RATES—INCREASES ORDERED BY TRANSPORT BOARD—AMENDMENT, MR. COLDWELL —SUBAMENDMENT, MR. BRACKEN

The house resumed consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Coldwell, and the amendment to the amendment of Mr. Bracken.

Mr. H. R. ARGUE (Wood Mountain): Mr. Speaker, I rise at this time also to take part in the debate on freight rates. I do not think there has been a debate before the house for a long time which has stirred so greatly the interest of so many people in Canada, particularly in the western provinces.

The people of western Canada believe they have been discriminated against for many years in respect of the high freight rates they have to pay. So they look with interest to this debate. And from the letters I receive I can say the people of the west are not greatly concerned whether or not the government falls on this motion, but they are concerned that the 21 per cent increase in freight rates should not be applied.

I was interested to hear the Minister of Transport (Mr. Chevrier) say that the C.C.F. group was trying to make this a political issue. I would tell the minister that if he does not want this issue to be a political one, then the best thing the government can do is to agree with the members of the C.C.F. group, and not allow the increase to take effect.

Mr. CHEVRIER: That is exactly what you are doing now.

Mr. ARGUE: I am not ashamed of it a bit.

Mr. CHEVRIER: Does my hon. friend know—

Mr. ARGUE: Let me finish. The C.C.F. group has said it is opposed to the increase in freight rates. The government has allowed the increase to take place. I say the people of Canada will view that as a political issue, because we find one party on one side definitely, and another party definitely on the other side. Therefore it is a political issue.

Mr. CHEVRIER: Does the hon. member say, in effect, that he is dealing with it politically? That is the statement I was making.

Mr. ARGUE: I say this is in fact a political issue, since the government is allowing the 21 per cent increase to take place, whereas the C.C.F. group are opposed to it.

Mr. CHEVRIER: Then the hon. member should not accuse me of dealing with it politically, if he is doing the same thing himself.

Mr. ARGUE: I am not accusing anyone at all.

Mr. CHEVRIER: Yes he was.

Mr. ARGUE: I am amused by that remark.

Mr. CHEVRIER: I am amused by what you are saying. I think it is quite funny.

Mr. BENTLEY: Do not butt in all the time.

Mr. ARGUE: What concerns me more than whether the Minister of Transport thinks I have been accusing him of anything is the fact that he says this, as reported at page 2900 of *Hansard:*

The board through the chief commissioner has delivered a clear and outstanding judgment in this case.

I believe when he makes that statement he is saying that his mind is already made up, that there is not to be any change in the 21 per cent increase. He is saying that the decision of the board of transport commissioners is a good one, and that he is going to support that decision.

I was exceedingly disappointed in the fact that the government was not prepared to stay the increase in freight rates for a reasonable time, namely the period of thirty days as was requested by the seven provinces. Surely the minister will not say that the railway companies are in such financial straits that their failure to receive their increase for one month would force them into bankruptcy.

Not only are the general public of western Canada opposed to this increase in freight rates; the boards of trade and the public press are also opposed. The Winnipeg *Free Press* has shown quite definitely where it stands on this issue. Some excellent articles have appeared in this publication. This paper is a supporter of the present government, and the fact that it is opposed to an increase in

freight rates as applied in this particular instance shows that the government is definitely on the wrong track. In an editorial on April 12 the Winnipeg *Free Press* pointed out that on March 30 the judgment of the board of transport commissioners was handed down; that on April 3 the railroads announced that the increase would be made effective on April 8, and that seven provinces asked the government for a stay of the rates for a period of thirty days and agreed to meet at Ottawa on April 24. It goes on to state:

So matters rested until Wednesday, last, when Hon. Lionel Chevrier, dominion Minister of Transport, stated in the House of Commons that although petitions of appeal had been received from the seven provincial governments, the dominion government "has decided that it should not interfere with the effective date of the board's order." He qualified this statement with the phrase "without prejudice to any appeal".

I submit that in allowing the increase to go into effect the minister has in effect prejudiced the appeal. He has shown that he is willing to allow the 21 per cent increase to take effect. The editorial continues:

At the same time he tabled a copy of order in council (P.C. 1486) passed on April 7. This order states that the cabinet has before it the petitions of Nova Scotia, New Brunswick, Prince Edward Island, and the representations of Manitoba, Saskatchewan, Alberta and British Columbia and proceeds:

"The committee of the privy council, having given due consideration to the said petitions and representations, are unable to advise that the said order of the board of transport commissioners for Canada be varied in the sense requested"

I do not think that is a statement of fact, because I cannot see how the government could have given due consideration to these representations in connection with a matter which took the board of transport commissioners some fourteen months of sittings across this country before they felt they were in position to hand down a judgment.

The editorial goes on:

Not since the transport board, a quarter century ago, undertook to throw out Crowsnest Pass rates has western Canada been treated so rudely and harshly as by the present Liberal government in this order in council. A more highhanded attitude is inconceivable. The government declares in the order in council that it has given due consideration to the representations of the west. That is not true. The representations have not yet been made and will not be made until April 24 when the premiers of the west reach Ottawa. Why all this rushing on the part of the government? Why is the need for action so desperate that the governments of the west, acting for the public of the west, must be denied a hearing before the increased railway charges are made effective?

[Mr. Argue.]

It is obvious that a freight rate structure should not be raised and lowered at short intervals of time. Freight rates cannot be hoisted 21 per cent on April 8 and lowered a few weeks later without causing great and needless disturbance to business. It follows, therefore, that no dominion government would pass an order on April 17 if it had the slightest intention of reversing the decision say on April 24. And, in honesty, P.C. 1486 holds out no promise whatsoever of a reversal.

And again:

Such action could only result from the dominion government deciding, in advance, that the appeal of the seven provinces was frivolous, without substance and not worth hearing. That is the only inference to be drawn from this most unusual procedure.

The people of western Canada are thoroughly seized of the injustice of the transport board's judgment. Having been turned down by the dominion government without a hearing, with no consideration whatsoever, the people of western Canada will look to their members at Ottawa to protect them against exploitation of this kind.

Certainly the people of western Canada are looking to their members of parliament at this particular time and will view with interest the way the various members vote on the motion before us. On April 13 the Minister of Transport made the following statement, as reported on page 2905 of *Hansard*:

I have already put on the record, in this house, but I think I should again record, the statement made by counsel for the various provinces, who made it quite clear that they did not desire this investigation to be made one for the removal of the so-called discrimination or inequalities.

I do not think that the quotes which the minister made following that statement bear out the truth of his statement. I believe the key words in his statement are these:

. . . that they did not desire this investigation to be made one for the removal of the so-called discrimination or inequalities.

The quotations to which the minister referred said nothing about the desire of the various provinces. The best that can be said is that some of the provinces were willing to accept what they thought was fair, namely, that the discriminatory feature of the freight rates was not before the board of transport commissioners. I should like to quote from page 58 of Manitoba's submission as follows:

Manitoba submits that a straight horizontal increase on all rates in Canada would be unjust and unreasonable and would place an unfair burden upon those who today pay the heaviest rates, namely, those whose goods must be hauled long distances (in most instances these are heavy goods) i.e., the primary producers of western Canada. We further submit that a uniform horizontal percentage increase applied to all parts of Canada would be particularly

unjust to those whose freight bills are already high because of an existing rate structure which charges them rates which are higher than rates for comparable goods and comparable distances in other areas.

Thus the province of Manitoba contended that the present rates should not be increased while the discriminatory effects still prevailed. Counsel for the province of Saskatchewan, Mr. M. A. MacPherson stated:

> Should the need of increased revenues from freight traffic be made out, it will be argued that in no event should any advance be permitted which will increase the present burden on the province of Saskatchewan. The contention that it is a purely financial case and that regional inequalities cannot be considered in this application will not be conceded for a moment.

The submission of the province of Saskatchewan states definitely that the question of discrimination should be considered by the board of transport commissioners at the time they heard the application of the railways for an increase in rates.

The minister said that he felt the board of transport commissioners could not be seized of the inequalities which exist in freight rates. I think the board could have been seized of those inequalities and that it should have taken them into consideration. The minister argued that no organization and no government had made a substantive application to the board since 1927 to have the discriminatory features removed; that because no substantive application had been made, therefore the board did not have before it that particular issue and the provinces could not hope that it would be considered. But Mr. Burchell, one of the counsel for the maritime provinces, is reported in the judgment of the board of transport commissioners, at page 39, as having contended that the board did not have before it the select rates prevailing in the maritime provinces provided under a special act. And the chief commissioner in his report states:

> I must agree with the argument of counsel for the maritimes that the applicants, it may be through inadvertence, did not furnish us with specific evidence, or in any event sufficient evidence, of increased cost of railway operation in Canada over the cost prevailing on July the first, 1927.
>
> To require the applicant railways to proceed by way of substantive application, as suggested by counsel for the maritimes, would involve much delay in disposing of the most important question before us. This further delay should, I think, be avoided if it can be fairly done.
>
> The board has, I think, power to investigate and ascertain the facts itself and to make a finding based upon the results of such investigation, and we have proceeded accordingly.

The chief commissioner said that the board of transport commissioners was not required to have before it a substantive application in reference to the select rates in the maritime provinces but that the board had power to investigate and ascertain the facts itself and to make a finding based on the results of such investigation. Therefore I contend that the board had the power to investigate and ascertain the facts as far as discrimination is concerned, and that it has power to do something about that discrimination.

The history of the various decisions that have been made by the board is clear in regard to discrimination. The board's various decisions in the past have been such as to lessen the discrimination. I quote from the submission by Manitoba in opposition to an increase in freight rates, at page 59:

> In the Western Freight Rates Case (1914) it was recognized that there was a disparity between eastern and western rates.
>
> In the Eastern Rates Case (1916) it was laid down that tolls in eastern Canada and in western Canada should be brought to a parity so far as this could reasonably be done.
>
> In the Increase in Passenger and Freight Tolls Case (1917), the so-called 15 per cent case, there was a further recognition of the disparity between the east and the west and in that case the western rates were raised 10 per cent only, whereas the general bulk of eastern rates were raised 15 per cent.
>
> In the 25 per cent Increase Case (1918) one finds an extremely strong declaration of government policy. This was the case where the board was directed to put into effect an increase of 25 per cent in all rates in eastern Canada whereas in western Canada the increase was limited to 25 per cent over the level previous to the 15 per cent case.
>
> In the 1920 Rate Increase Case, otherwise known as the 40 per cent case, the board granted a 40 per cent increase in eastern tolls and a 35 per cent increase only in western tolls.

Thus the board of transport commissioners in previous decisions has gone a long way in removing the great discrimination that did exist; but in its present decision, instead of lessening the discrimination, it has widened it still further by awarding a 21 per cent increase across the board. That 21 per cent increase will bear heavily upon the people of western Canada. It may be argued that conditions there are such at the present time that the 21 per cent increase can be carried without hardship, but I do not grant that for one moment. The 21 per cent increase in freight rates will lower the standard of living of the people of western Canada and it will be very difficult to bear if prices fall from their present high level.

On motion of Mr. Argue the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. ST. LAURENT: Tomorrow we shall resume this debate, and when the house goes into committee of supply it is the intention, as previously announced, to call an item in the Department of Agriculture and one in external affairs, and have them stand, and then resume the debate on the motion of the Minister of Agriculture for the second reading of Bill No. 204, to amend the Prairie Farm Assistance Act, then go into committee of the whole on the Unemployment Insurance Act, and after that take the second reading of the Dominion Elections Act, which, after second reading, is to go to the special committee that has been set up. Then, if there is time, we shall go back into supply to deal with the estimates of the Department of Agriculture. On Monday we shall proceed with the estimates of the Department of External Affairs.

At six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, April 22, 1948

The house met at three o'clock.

PRIVILEGE

MR. CHURCH—REFERENCE TO REMARKS IN DEBATE ON APRIL 16

Mr. T. L. CHURCH (Broadview): Last Friday evening, April 16, I made reference to private bills which had been introduced in another place, where their standing committees were set up last December and some bills passed, whereas our committee was not set up until the end of February. For that reason I am told some lawyers thought it well to go to the other place to introduce these measures, and that this was the reason such action was being taken.

I did not wish to reflect upon those in another place, where there are able men of whom many formerly sat with me as colleagues, and all of whom have rendered real service. I have made it a rule to respect the views of others and to have pleasant relationships with all hon. members. Last Friday I said I had no intention of reflecting upon any hon. member here who might have introduced a measure for some legal friend. I have not changed my views as to the usefulness of that other place in times so grave as these, and only desired a better study of all such bills.

RAILWAYS AND SHIPPING

Second report of sessional committee on railways and shipping owned, operated and controlled by the government.—Mr. McCulloch (Pictou).

BUSINESS OF THE HOUSE

REFERENCE OF CERTAIN ITEMS TO COMMITTEE OF SUPPLY

Hon. DOUGLAS ABBOTT (Minister of Finance) moved:

That items 502, 503 and 557 of the main estimates for 1949, approved and reported upon on Thursday, April 22, 1948, by the sessional committee on railways and shipping owned, operated and controlled by the government, be referred to the committee of supply.

Mr. GRAYDON: Are these the same items as last year?

Mr. CHEVRIER: Yes.

Motion agreed to.

STANDING COMMITTEE

BANKING AND COMMERCE—CHANGE IN PERSONNEL

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

That the name of Mr. Probe be substituted for that of Mr. Thatcher on the select standing committee on banking and commerce.

Motion agreed to.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 205 (from the senate) respecting Canadian Marconi Company.—Mr. Whitman.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

ST. LOUIS DE GONZAGUE, QUE., RURAL MAIL SERVICE

Mr. RAYMOND (Beauharnois-Laprairie):

1. With reference to the mail service on rural route No. 1, St. Louis de Gonzague, were tenders invited before the expiry of the contract?
2. If so (a) on what date; (b) what are the names of the tenderers and what were the amounts; (c) when were the tenders opened; (d) was the contract awarded to the lowest tenderer? If not, for what reason?
3. With reference to the mail service on rural route No. 2, St. Louis de Gonzague, were tenders invited before the expiry of the contract?
4. If so (a) on what date; (b) what are the names of the tenderers and what were the amounts; (c) when were the tenders opened; (d) was the contract awarded to the lowest tenderer? If not, for what reason?

Mr. BERTRAND (Laurier):

1. Yes.

2. (a) 6th October, 1947, and again 15th January, 1948.

(b) No tenders received on first invitation, 6th October, 1947. Following tenders received on invitation 15th January, 1948: Henri Brais, $1,200; Albeni Brisson, $1,200; James W. Tait, $1,400.

Conditional tender for both St. Louis de Gonzague rural routes Nos. 1 and 2, Albeni Brisson, $2,100.

Tenders were considered high and each tenderer was given an opportunity to reduce, with following result:

Albeni Brisson, $1,100; James W. Tait, $1,198.

Albeni Brisson submitted conditional offer for both routes, $2,000.

(c) Tenders opened 21st November, 1947, and 27th February, 1948.

(d) No contract awarded. Service being performed under temporary arrangement pending final decision.

3. Yes.

4. (a) 6th October, 1947, and 15th January, 1948.

(b) Invitation 6th October, 1947. Henri Brais, $775; Albeni Brisson, $1,535.

Henri Brais raised his tender to $1,050.

Invitation 15th January, 1948: Henri Brais, $1,050; Albeni Brisson, $1,300.

Albeni Brisson submitted conditional tender for routes No. 1 and No. 2 at $2,100.

Tenders were considered high and each tenderer was given an opportunity to reduce, with following result: Henri Brais, $1,050; Albeni Brisson, $1,100.

Albeni Brisson reduced his conditional tender for both routes to $2,000.

(c) 21st November, 1947, and 27th February, 1948.

(d) No contract awarded. Service being performed under temporary arrangement pending final decision.

EXPORTS AND IMPORTS OF BUTTER

Mr. DENIS:

1. How many pounds of butter have been exported each year from 1935 to date?

2. How many pounds have been imported during the same period?

Mr. McILRAITH:

1 and 2.

Calendar year	Exports Lb.	Imports Lb.
1935	7,697,000	148,541
1936	5,128,800	117,281
1937	4,096,600	65,918
1938	3,893,400	5,231,838
1939	12,398,600	5,644
1940	1,337,600	4,001
1941	1,481,800	481,729
1942	1,600,900	592,816
1943	9,408,600	1,154
1944	4,726,700	740
1945	5,598,300	3,495
1946	4,509,400	25,692
1947	3,107,100	5,118,869

INQUIRY FOR RETURNS

MINERAL CLAIMS IN YUKON—YUKON QUARTZ MINING ACT

Mr. GEORGE BLACK (Yukon): Mr. Speaker, I should like to remind the government that on February 18 last a question asked by me was passed as an order for return; and on March 10 an order for the production of papers was passed. One of these was over two months ago and the other over a month ago. Nothing has been forthcoming since. I should like to have action on both of them.

INDUSTRIAL RELATIONS

REQUEST FOR INCLUSION OF ENGINEERS IN LEGISLATION WITH RESPECT TO COLLECTIVE BARGAINING

On the orders of the day:

Mr. D. F. BROWN (Essex West): Mr. Speaker, I should like to ask a question of the Minister of Labour. What action does the minister propose to take with respect to the request by professional engineers for inclusion in collective bargaining under the industrial relations bill?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, that question will be considered by the committee on industrial relations.

Mr. BROWN: May I ask a supplementary question? Has the minister received any representations on behalf of the professional engineers?

Mr. MITCHELL: The answer is yes.

Mr. GRAYDON: I should like to ask the minister another question on the same subject. In view of the representations made by the professional engineers does the government intend to take the initiative and amend the act in order to meet their wishes?

Mr. MITCHELL: If the hon. member will look at the bill which is being circulated, he will see that the government has already taken action in the direction in which he wishes to have it taken.

Mr. GRAYDON: Then the professional engineers have had their wishes met; is that so?

Mr. MITCHELL: Yes. And I would say this, as a further answer to the hon. member for Essex West (Mr. Brown) that the decision was made on the representations of the Engineering Institute of Canada, the dominant organization of engineers in this country.

Mr. FRASER: I would ask the Minister of Labour to clarify what has been said with regard to professional engineers coming under Bill No. 195. Am I to understand that professional engineers will be included in the Industrial Disputes Investigation Act and be able to have collective bargaining?

Mr. MITCHELL: The answer is no, as my hon. friend will see if he reads the bill.

Mr. FRASER: I have read the bill, but I misunderstood the minister's answer.

Mr. MITCHELL: Take another look at it.

Mr. GRAYDON: May I ask the Minister of Labour to clarify the position with respect to professional engineers, which now seems to be completely confused? He said "yes" to me, and I understood he said "no" to the hon. member for Peterborough West.

Mr. MITCHELL: I cannot probe the depths of my hon. friend's mind.

Mr. GRAYDON: That is not your job; I am probing yours.

Mr. MITCHELL: It would be too difficult a job. I will read the section of the bill if the hon. member wishes me to, but I do not think I can say more than what I said to the hon. member for Peterborough West. You had better talk it over one with the other; I cannot stay here all afternoon.

Mr. GRAYDON: I asked the minister whether or not professional engineers had been included and if this bill was going to meet their wishes, and he said "yes." He has just said "no" to the hon. member for Peterborough West. I suppose we shall have to wait until somebody else is able to clarify this situation.

Mr. HARRIS (Danforth): As one engineer to another, I should like to ask the Minister of Labour if it is the intention that this will be done solely by a declaration by the minister, or by the industrial relations committee, which I am advised is to meet twice a week from now on until matters are disposed of, the first of which should be that having to do with the engineers?

Mr. MITCHELL: That will be decided by the government.

FLOOD CONDITIONS

LONG BRANCH AND TORONTO ISLAND—REQUEST FOR GOVERNMENT ACTION

On the orders of the day:

Mr. DOUGLAS G. ROSS (St. Paul's): Mr. Speaker, I should like to ask a question of the Minister of Public Works, following the question asked by the hon. member for Broadview (Mr. Church) a few days ago. The question has to do with floods which have taken place at Long Branch and at Toronto island. In view of the serious trouble which has been experienced by the people in that area, has the minister received any report, or has a report been made by his engineers, as to what the situation is, and can he say what is going to be done?

Hon. ALPHONSE FOURNIER (Minister of Public Works): I can add but little to what I have answered the hon. member for Broadview. Wherever the damage caused by floods is on property belonging to the federal government, or under federal jurisdiction, repairs will be made by the federal government.

Mr. ROSS (St. Paul's): The minister's answer is not quite good enough for me. I have asked him if a report has been made. These people are in very difficult circumstances, and I want to ask the minister—

Mr. SPEAKER: Order.

Mr. ROSS (St. Paul's): I want to ask the minister a question. Under whose jurisdiction does this matter come?—so that we can get busy and give relief to the people living there. Can the minister give me an answer?

Mr. FOURNIER (Hull): Speaking generally, the damage caused by overflow of rivers, creeks or lakes in Canada is under provincial jurisdiction. When the damage is caused to federal property, or to property under federal jurisdiction, we make the repairs and the expenditures. In other instances we expect the provinces and the municipalities to do as we do.

Mr. ROSS (St. Paul's): I asked the minister a civil question,

Some hon. MEMBERS: Sit down.

Mr. ROSS (St. Paul's): My question is this: Is it under his jurisdiction, or some other jurisdiction? I should like to know, so that we can get busy and have something done for these people. Can the minister tell me now if it is under his jurisdiction?

IMPORT RESTRICTIONS

REQUEST FOR PERMISSION TO IMPORT KEROSENE OPERATED REFRIGERATORS

On the orders of the day:

Mr. E. G. McCULLOUGH (Assiniboia): Mr. Speaker, I should like to ask a question of the Minister of Finance, to whom I have sent notice. Having regard to the lack of electricity in the majority of rural areas, and the fact that kerosene refrigerators are the only present adequate answer to rural refrigeration, would the minister consider lifting the ban on the importation of kerosene operated refrigerators?

Hon. DOUGLAS ABBOTT (Minister of Finance): The hon. member may have given notice of his question, but I have not received it. However, I believe I can answer now. We have considered this question of the importation of kerosene refrigerators, but we have not found that any substantial number was imported last year. It is expensive equipment, costing between $400 and $500. If a quota were allowed I think it would be found that the great majority of them would be purchased by comparatively well-to-do summer residents for their summer cottages.

Taking all the circumstances into consideration we have come to the conclusion that the ban on importation should not be lifted.

Mr. COLDWELL: May I ask a supplementary question? Is the minister aware that most of these refrigerators have gone into places not served with electricity? For example, in my own constituency of Rosetown something like five hundred went in last year.

Mr. ABBOTT: Of course they go to districts which are not served with electricity. But my information is that many of them are purchased by the owners of summer cottages who, of course, find them a great convenience.

STEEL

AVAILABILITY TO BUILDERS OF RAILWAY CARS

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, may I be permitted to address a question to the Minister of Trade and Commerce?

An hon. MEMBER: Telegram.

Mr. GILLIS: For the benefit of my hon. friend over here, this question is prompted by an S.O.S. from the financial secretary of the steelworkers union at Trenton, Nova Scotia. Will the minister explain to the house why the steel quota to the Eastern Car Company Limited at Trenton, Nova Scotia, was cut by twenty-five per cent?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): My hon. friend must have received a delayed S.O.S., because the hon. member for Pictou (Mr. McCulloch) was twenty-four hours ahead of him with the question.

For some time past the tonnage of steel plates available to the railway car builders has controlled their rate of operation. Generally speaking they are able to obtain sufficient other steel components to level off the tonnages of plates which have been made available.

[Mr. McCullough (Assiniboia).]

Through 1947 the three car builders as a group received an average allocation of 3,000 tons of plates per month. During the first quarter of 1948 this total allocation was increased to 4,000 tons per month, but it was found impossible to continue at this rate, and the total allocation was reduced to 3,250 tons of plate per month for the second quarter, representing approximately eighty per cent of the first quarter allocation.

In order to reallocate the total tonnage of plates available for car building it has been necessary to have the transportation equipment committee, Department of Reconstruction and Supply, call a meeting of representatives from the three car building companies, who have arrived at the most equitable reallocation of available tonnage, having regard to labour in the respective plants.

NAILS

DISTRIBUTION OF RODS FOR MANUFACTURE

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I ask a question of the Minister of Reconstruction and Supply? Can he inform the house why the application from the Federated Co-operative Association of Saskatchewan for steel rods for the manufacture of nails has been turned down. I apologize to the hon. member for Peterborough West (Mr. Fraser) for asking this question about nails.

Mr. FRASER: I am pleased that the hon. member has taken up the cause.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): All available rods are being made into nails by nail-making concerns who for years have been customers for the purchase of rods. Where an article is short, new entrants into a field are not encouraged. Obviously it is not fair to take tonnage from old customers to take care of new ones.

Mr. COLDWELL: I thought this was a free enterprise system.

WHEAT BOARD ACT AMENDMENT

OATS AND BARLEY—DECISION IN CANADIAN WHEAT BOARD VS. HALLETT AND CAREY

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): I should like to direct a question to the Minister of Trade and Commerce arising out of a judgment in Canadian Wheat Board vs. Hallett and Carey, in which P.C. 1292, which is the order in council dealing with oats and

barley, was declared ultra vires. In view of that decision is the minister in position to report what the government intends to do in regard to the control of oats and barley by reason of the fact that the courts have decided that the declaration of a national emergency in the preamble is not conclusive as against the courts?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): The decision was made on a point of law.

Mr. HACKETT: On a point of fact.

Mr. HOWE: Not being a lawyer, I am not going to argue with the president of the bar association. I dare say it was a point of fact. The matter has been referred to the Department of Justice and the Minister of Justice (Mr. Ilsley) is dealing with it at this moment.

Mr. JOHN T. HACKETT (Stanstead): I should like to direct a question to the Minister of Justice. Can the minister state when his department will make it possible for him to advise the house what course the government intends to take with regard to the judgment of Chief Justice Williams to which reference has just been made?

Right Hon. J. L. ILSLEY (Minister of Justice): I am afraid I cannot. I have not had an opportunity of discussing that judgment with the officials of the department.

FREIGHT RATES

EFFECT OF INCREASES IN RELATION TO HUDSON BAY RAILWAY

On the orders of the day:

Hon. LIONEL CHEVRIER (Minister of Transport): Yesterday the hon. member for Churchill (Mr. Moore) asked if the recent increase in freight rates affected the movement of grain over the Hudson Bay railway. I have inquired of the board of transport commissioners and I am informed that since grain moving from the prairies to Churchill over the Hudson Bay railway is covered by the export rate item in the judgment there will be no increase in export rates covering the movement of grain from the prairies to Churchill.

SUPPLY

FREIGHT RATES—INCREASES ORDERED BY TRANSPORT BOARD—AMENDMENT, MR. COLDWELL—SUBAMENDMENT, MR. BRACKEN

The house resumed from Wednesday, April 21, consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Coldwell, and the amendment to the amendment of Mr. Bracken.

Mr. H. R. ARGUE (Wood Mountain): Mr. Speaker, when the house rose yesterday afternoon I was dealing with some of the ways in which the 21 per cent increase in freight rates will affect Saskatchewan and western Canada.

Mr. SPEAKER: May I call the attention of hon. gentlemen to the fact that there is so much talk going on that it is impossible to hear the hon. member who has the floor.

Mr. ARGUE: I should like to refer again to what has already been placed on the record with respect to the way in which the 21 per cent increase in freight rates will affect the cost of shipping cattle to eastern Canada. The 21 per cent increase in the freight rates will reduce the price of a carload of cattle to the farmer by $50.05 when shipped from Crane Valley to Toronto.

Yesterday I referred to the fact that various decisions of the board of transport commissioners in the past have lessened the inequalities in the freight rates as between western and central Canada, but this latest increase has further widened inequalities that already existed.

Mr. SPEAKER: I am sorry to interrupt the hon. gentleman, but I must ask hon. members to leave the chamber if they want to carry on conversation. I cannot hear what the hon. member is saying, and I think it is most unfair for those who want to talk to do so while he is speaking.

Mr. ARGUE: For example, the cost of shipping 100 pounds of gasoline from Sarnia, Ontario, to a point 50 miles away is eight cents, whereas the freight charges for shipping 100 pounds of gasoline from Regina to a point 50 miles away is 20 cents, the difference between the two rates being 12 cents. The 21 per cent increase in the freight rates will increase the cost of the shipment of gasoline from Sarnia by 1·6 cents but it will increase the cost of the shipment from Regina by 4·2 cents. Instead of having the previous spread of 12 cents between these two shipments, the new rates increase the spread to 14·6 cents. It can thus be seen that the 21 per cent increase in freight rates is further aggravating the inequalities that existed in the past.

The Minister of Transport (Mr. Chevrier) placed a table on the record to show that increased freight charges on certain articles shipped from western Canada to central Canada were not very great. His figures showed that the increased freight rates on a dozen eggs when shipped in a carload lot amounted to just one-tenth of a cent. While that may be true, the fact remains that the minimum charges have been increased by more than 21 per cent. The minimum charge for a

shipment of less than 100 pounds has been increased from 50 to 75 cents.

Everyone knows that farmers in western Canada who ship eggs and cream ship them in lots of less than 100 pounds. It now means that there is an increase of 25 cents in the cost of each shipment. This means an increase of 25 cents, or approximately two cents per dozen, in the cost of shipping a 12 dozen crate of eggs. Similarly on a shipment of a crate of 30 dozen eggs the freight cost will be increased by five-sixths of a cent per dozen. So the effect of the freight rate increase will be much more than one-tenth of a cent per dozen, as outlined by the transport minister, and will in fact amount to an increase in freight charges on eggs of from one cent to more than two cents per dozen.

The same thing applies with respect to the shipment of cream. Farmers usually ship cream to the creamery in three-gallon or five-gallon cans. A five-gallon can of cream, testing 35 per cent butter fat, produces approximately 17½ pounds of butter fat, and the increased cost of 25 cents on that can of cream will amount to approximately 1½ cents on a pound of butter fat. The increased cost on a shipment of a three-gallon can of cream will amount to approximately 2½ cents per pound of butter fat. It is not correct, therefore, to say that the only increase in freight costs as they affect butter will amount to one-tenth of a cent when butter is shipped. It will amount to one-tenth of a cent, plus from 1½ to 2½ cents per pound of butter fat, when cream is shipped to the creamery.

The railways when putting their case before the board of transport commissioners pleaded that they were in great financial need and that it was necessary that an increase be granted immediately. But counsel for Saskatchewan pointed out that the Canadian Pacific Railway was not in financial difficulties, that in its 1946 balance sheet was an item of $77,870,000 which had been accumulated from earnings, and the justification for that accumulation must have been that a situation might arise calling for the use of additional funds during an emergency. Placing its case before the board of transport commissioners in 1946, the C.P.R. estimated that its 1947 net railway earnings would be $14,800,000. But when the balance sheet for 1947 was made public it showed net railway earnings of $22,892,189. Thus the C.P.R. in fact in 1947 made $8,000,000 more than it had estimated when placing its case before the board. It cannot be said therefore that the C.P.R. today is in great financial need and that it needs a 21 per cent increase in freight rates.

[Mr. Argue.]

The chief commissioner's report sets out the various items for which the Canadian Pacific, according to the commissioner, requires revenue. He gives a figure of $15,235,000 for surplus, $21,000,000 for dividends, and more than $15,000,000 for fixed charges. The chief commissioner said in his judgment: We will give to the C.P.R. sufficient revenue to cover its fixed charges and to pay four per cent on the preferred stock and five per cent on the common stock. I submit, Mr. Speaker, that five per cent is a high rate in view of prevailing interest rates today. The commissioner went on to say: Not only will we guarantee the C.P.R. a high rate of return upon its investments but in addition we will allow it a surplus of $15,235,000. I suggest, Mr. Speaker, that the board of transport commissioners and the government should not have permitted an increase that takes hard-earned money from the common people of Canada in order that the C.P.R. may pay big dividends and have a surplus of more than $15,000,000 per year.

The financial position of the C.P.R. has improved tremendously over the past number of years. At the end of 1947 its funded debt had been reduced $7,700,000 as compared with 1946. Its reserves in 1947 had increased by approximately $30,000,000 over 1946. Its funded debt in 1937 was $228,000,000, and in 1947, $95,301,000, a reduction in ten years of $153,000,000. The reserves of the C.P.R. in 1937 were $91,000,000 and in 1947, $379,905,000, or an increase in ten years of almost $289,000,000.

I suggest that those figures, Mr. Speaker, prove beyond doubt that the C.P.R. is not in great financial need, and in fact does not need an increase in freight rates.

Over the past years the railways have always made a greater profit on their western than on their eastern lines. Between the years 1936 and 1946 the C.P.R. made a profit on its western lines of more than $248,000,000, while on its eastern lines it made a profit of $126,000,000. That proves, I submit, that the C.P.R., because of higher freight rates in western Canada, made large profits from its western operations as compared with its profits in eastern Canada, and such discrimination cannot be justified to this house.

Over the years governments in this country have taken a very benevolent interest in the C.P.R. Cash subsidies have been paid to the C.P.R. amounting to more than $89,000,000, and land grants have been made to the extent of more than 32,000,000 acres. Over the years the people of Canada have bonused the C.P.R. It is not right, it is not just, it is not reasonable that the government should allow a 21 per cent increase in freight rates which will

add to the inequalities which at present exist, and which further subsidizes a railway already highly subsidized by the Canadian people.

Mr. C. C. MILLER (Portage la Prairie): Mr. Speaker, I think all hon. members are impatient to see this debate end and the vote taken, and I share that view. It is very difficult at this stage to say anything on this question which has not been said before, but in the very few minutes I shall take I shall endeavour to make certain that what I say is not mere repetition of what has gone before.

It seems to me that many of the speeches made in this debate might have been reserved for arguments on appeal, when an appeal is taken to the proper tribunal from the judgment of the board of transport commissioners. It is easy for us to rise in our places in this house and wax indignant over the fact that railway rates have been increased. That is something which has a very popular appeal; everybody dislikes an increase in freight rates. No one in the prairies, or in that part of the prairies from which I come, is in favour of an increase in freight rates. But the provinces of the west and the maritime provinces and other interested governmental bodies have hired eminent counsel to argue their case before the board of transport commissioners. The board in its wisdom, as they saw it, have given a certain judgment. If they are right, then I say in all honesty that those of us who come from the prairie provinces must be careful about this thing and not let any thoughts enter our minds or into this debate that would be more in the nature of appeal to popular prejudice than appeal to reason and the facts.

If the board of transport commissioners are right, and the railways need this increase, I am satisfied that the people of the prairie provinces, who are eminently fair-minded,—if they felt that it was a question on the one hand of an increase in freight rates and on the other financial chaos for the railways, in spite of the fact that they do not like high freight rates the people would realize in their common sense and judgment that we must have increased freight rates and that they would have to share in the increase as do the other parts of Canada.

It seems to me that many hon. members are not attacking this problem on the proper ground. When this appeal is heard, the western and maritime provinces will have counsel arguing their appeal, and all the arguments that have been made against the freight rate increase can then be made and decided upon in the proper place. Those of us who come from western Canada should be concerning ourselves with this. We must be certain that a proper reference is being made to the board of transport commissioners in respect to the equalization of freight rates. That is what affects us in the western prairie provinces, and that is why I am raising the point today.

I am not sure that the terms of reference protect the prairie provinces. Let me read from P.C. 1487, which is the order in council in question. It reads in part as follows:

> It is therefore advisable that the board of transport commissioners for Canada be directed to make a thorough investigation of the rates structure of railways and railway companies which are under the jurisdiction of parliament, with a view to the establishment of a fair and reasonable rates structure which will, under substantially similar circumstances and conditions, be equal in its application to all persons and localities in the various provinces and territories of Canada, so as to permit the freest possible handling of commodities.

What is new about that? The reference has to do with the establishment of a fair and reasonable rate structure which will, under substantially similar circumstances and conditions, do certain things. If that is the complete reference to the board of transport commissioners on this question, the prairie provinces and the maritime provinces may just as well forget about it, because we shall get no more relief than we got under a similar reference in 1925, which was referred to by the minister in his speech as the decision of the board in 1927.

The third headnote reads as follows:

> The application of the provinces of Saskatchewan and Alberta re alteration in the terminal tariffs, involving elimination of the assumed mileage between Port Arthur and Winnipeg was dismissed upon the ground that the general advantage accruing from the latter feature in the rate structure did not warrant any change being made.

I do not know whether anything in our changed economy has changed that. The same thing applies to the second headnote, which refers to the mountain differential, and also to the headnote which refers to the fact that there is certain discrimination because of water competition. That situation still prevails, Mr. Speaker. What we in the west should be sure of, and what we should ask the government to do beyond any question—because at this time western Canada does not want to be fooled—is to ask that the government make sure that a directive is given to the board of transport commissioners which shows beyond any question that the board of transport commissioners will have power to equalize these rates, whether the discrimination is by reason of water competition or any other competition.

Mr. CHEVRIER: May I ask the hon. gentleman a question?

Mr. MILLER: Yes.

Mr. CHEVRIER: Was the hon. gentleman in the house when the statement was made that the board of transport commissioners had stated that they had full powers, within the meaning of the act, to equalize the rates?

Mr. MILLER: The minister is correct in that, Mr. Speaker, but what I want to make certain is this—

Mr. CASSELMAN: You want to tie them down.

Mr. MILLER: I want it in the terms of reference that the board of transport commissioners shall have power to equalize these rates in spite of water competition and everything else. What I want to see in the west is that we do not have to pay any higher freight rates than any other part of Canada.

Mr. CHEVRIER: May I ask the hon. gentleman this question? What purpose would there be in putting in the order in council powers which already exist in the act and which the commissioners say they have?

Mr. MILLER: May I counter that with this question to the minister. If there is no harm in leaving it out, would there be any harm in putting it in? If it were put in, we would be a lot safer and surer. I say this, and I think the minister will agree with me: the board of transport commissioners is little different from a court, and I think it is regarded as a court. Like all other courts, the board is bound to a large extent by precedent. The judgment of 1927, which the minister referred to in his speech the other day, is a precedent which could hang the prairie provinces and the maritime provinces if the board of transport commissioners deemed themselves bound by it.

Mr. CHEVRIER: May I interrupt? I do not want to be interrupting my hon. friend, and I will not do it without his consent. What the hon. gentleman says is true in part only, that the board may feel bound by a former decision, but if the conditions in the country have changed over a period of twenty years, as my hon. friend knows they have, they will have to take into consideration those changed conditions.

Mr. MILLER: That is just what I am afraid of. If we have to hang our hats and our hopes on a decision made from nebulous circumstances and changed economic conditions, I have not much hope for relief in the west. What the government should do unequivocally to give relief to western Canada—and that is what I am talking about at the moment—is either to amend the act, or to make it absolutely certain in its directive in the order in council that the board of transport commissioners shall find out whether there are any inequalities and discriminations, and if there are, remove them regardless of their cause.

Mr. CHEVRIER: That is in the order in council.

Mr. MILLER: I do not read it that way, Mr. Speaker. I think it should be amply clear that it is there; because unless the board of transport commissioners are prepared to relieve the west and the maritimes from discrimination, regardless of the causes, the inquiry, whether it takes six months or a year, will be completely useless; it will get us nowhere and we shall obtain no relief.

There is one other point that I want to make, on the same aspect of the matter, and it is this. When the case that is being complained about now by many hon. members was launched over a year ago, as you will recall, on one day in the course of the debate on the address in reply to the speech from the throne and maybe on two or three days—it was in the month of March—a great many speeches were made about the proposed hearing, in opposition to any increased rates and so on. Not a great deal was said by members of the party to which I belong, because we took the attitude that the matter was before the court and therefore we should not discuss it. But finally one of our members, the hon. member for Calgary West (Mr. Smith), made a speech on this particular point. It will be found in *Hansard* of March 6, 1947, beginning at page 1104. The reference I intend to make is at page 1107.

The reason I am bringing this matter up at the present time is that I am fearful lest this additional inquiry by the board of transport commissioners will drag on for a long time and will come to nothing. The government a year ago—not yesterday, a week ago or a month ago—should have seen that there was discrimination in rates as between the east, the west and the maritimes. The government knew that. I think the government also should have felt sure that the board of transport commissioners would give the railways some increase, in view of the fact they had not had any for a long time, and should have known that such increase would only add to the discrimination between the prairies and the east. Even though they did not have, of their own volition, the acumen to foresee that situation, they were told by the hon. member

for Calgary West, in the speech to which I have referred, that there was that discrimination.

The hon. member for Calgary West explained, as few can do so well, the reasons for that discrimination, how it had arisen and how it had grown up over the years. He told the government then in no uncertain terms, and as plainly as he could do it—once on page 1107 and twice on page 1108 of *Hansard* of 1947—that what was needed was a revision of the whole rate structure so that this discrimination could be removed. As was quite obvious, the minister must have known that the board of transport commissioners, on the particular reference or application that was before them, were not interested in discrimination. As a matter of fact the minister himself, in his speech, pointed that out on two or three occasions, saying that that was not the subject matter of the application before them. I say that the government should have known the situation and should have taken steps a year ago to see that there was an investigation such as they are planning now. They should have arranged to have the investigation started a year ago so that when these rates were increased by the board of transport commissioners, as many people felt they would be, the government would have been in a position to have removed this discrimination against the western provinces, British Columbia and the maritime provinces. It is just another case of being one year too late. The people in the part of the country whence I come will not tolerate another lost year on this particular point.

I know the government does not like too well to accept suggestions from the opposition, but I wish to suggest this to them. The time has come, particularly in these serious days, when the opposition's suggestions should be seriously listened to and considered. When a suggestion as good as that made by the hon. member for Calgary West in his speech of a year ago is not adopted by the government, you can see, Mr. Speaker, the result; you can see the jam the government has got itself into today. All that could have been avoided. There would not have been this discrimination if the government had carried out the suggestion urged upon them at that time by the hon. member for Calgary West in this House of Commons as long ago as March 6, 1947, namely that there be an inquiry into the discrimination with regard to rates and the formulation of an equalization plan.

I think the government should give the opposition credit for making these suggestions. They should concede that His Majesty's Loyal Opposition has the good of the country at heart, just as we are prepared to concede that the government has the good of the country at heart. Unfortunately we find few instances in which we can carry that to the point of a practical demonstration.

There is only one other matter I wish to mention, and it is entirely alien to what I have said so far. I want to bring to the attention of the minister something which likely has already been brought to his attention, because I have no doubt he received the same letter as I did this morning. It is a suggestion which has come from the Winnipeg chamber of commerce regarding freight assistance. I might say that over the years the Winnipeg chamber of commerce has made a close study of Western Canadian conditions, and it has been of great help to the farmers of the west in the investigations the chamber of commerce has made with regard to matters of this kind. I think therefore that the suggestion made by this chamber of commerce, which is one of the largest in western Canada —indeed, one of the largest in Canada—should receive serious consideration from the government. I will read just the last paragraph of the resolution—I do not know whether it is a resolution or a letter, but I quote from it as follows:

> We ask that an equalizing freight assistance subsidy be placed on the shipment of livestock and poultry products to seaboard and eastern consuming centres to enable the western farmer to feed poultry and livestock on a parity with the eastern Canadian feeder.

The reason they make that request, Mr. Speaker, is that western feed grain is subsidized, in that it comes down freight free from the head of the lakes to eastern feeders. The Winnipeg chamber of commerce feels that in fairness to the western Canadian livestock producers we should have similar freight subsidies on the shipment of livestock and livestock products from the west to the eastern market where most of the consumption takes place.

Mr. F. W. TOWNLEY-SMITH (North Battleford): For fear, Mr. Speaker, that the Minister of Transport (Mr. Chevrier) might take my silence for acquiescence in the changes which have been made in the freight rate structure by himself and his confreres, and which have been inflicted upon the long-suffering prairies and maritimes, I wish to correct any such impression. Personally, and on behalf of the people I represent, I wish to protest these freight rate boosts, and to assure the minister that they are being bitterly assailed everywhere. I have letters and telegrams from the people living in the north-

western part of Saskatchewan which indicate that they are definitely opposed to and dismayed at the changes which have been made. These changes are opposed especially by those of us who live in the western provinces, who seem, by some unfortunate circumstance, to be compelled to pay freight both ways—both on the goods we buy and on the goods we sell. We seem to have been chosen to pay the freight both going and coming.

One of the telegrams I received, from a place called Matchee up in northern Saskatchewan, asks that the permission to make the increase effective be withdrawn at once. It goes on with the further suggestion that either the increase should be withdrawn or the government should go to the country at once and seek approval. I also have a letter on my desk from a co-operative guild in northern Saskatchewan, making a similar protest.

There is another impression I should like to correct. In the course of this debate I have heard it said more than once that no one disagrees with the suggestion that the railways should be allowed to charge higher freight rates. Well, Mr. Speaker, here is one who disagrees with that suggestion. Last week the financial statement of the C.P.R. was published. On all operations of the company the profits amounted to $31,893,942 in 1947, an increase of $6,759,211 over the previous year. Stockholders received $2.04 per share as compared with the $1.53 they got in 1946, an increase of 33⅓ per cent. Of course it is argued that operating costs of all kinds have gone up and will go up; but if the traffic also goes up, if the business increases at the same rate as last year, even at the old charges another considerable increase in net profits would be indicated. If, however, the railways simply have to have more money, it would have been fairly simple to leave the prairie and maritime schedules as they were and raise the rates in eastern Canada to the levels being charged on the prairies. From what we can gather, there would be a substantial increase in the revenues of the railway companies if that were done.

This situation will give another incentive to the western provinces especially to get into industry as speedily as possible and so avoid payment of much of the freight now being charged. We can build more crushing mills to take care of all the flaxseed grown in the west, more woollen mills and factories to manufacture our wool clip, more tanneries, more boot and shoe factories, more pulp and paper mills and a host of other industries to take care of the products of the west. We have plenty of water power for the production of electricity; we have coal deposits galore, and we have oil and gas wells from which power can be developed for any industry that cares to use it.

[Mr. Townley-Smith.]

These are a few points which may have been overlooked by our railway admirers, which could result in a very considerable saving in freight charges. So the increases, which at the moment look to us so unfair and iniquitous, may have some compensation in the long run. However, these plans would take time to mature, and in the meantime we protest.

Now, when we find the rate on a fifteen-dozen crate of eggs increased from 35 cents to 75 cents, an increase of 114 per cent, we are naturally suspicious of what the transport board may do to us in other directions. These points have been mentioned before, but it does no harm to repeat them; at least it shows a certain unanimity in thought in the protest being heard all across the country. Our local newspapers, most of which of course are Liberal, are up in arms and characterize the whole thing as a major political blunder. That does not worry me, of course; but the casual disregard by the government of what is fair and just is what rankles in the minds of tens of thousands of the people in the western provinces.

Discrimination has been mentioned, and arguments have been brought forward to show that the discrimination is not very violent or that it is necessary because of certain competition the railways encounter in the eastern provinces. One of those arguments struck me as being rather poor. I have not the page in *Hansard,* but the minister will remember having said that owing to the competition of United States lines in eastern Canada it had been found necessary to ease the rates on Canadian railways. Shortly before that we were told that the freight charges on the United States railways had been raised by something in the neighbourhood of fifty per cent, so to me that argument does not seem very sound. If freight charges on the United States railways are so extraordinarily high, how is it that there is such vigorous competition with our Canadian railways? As I say, somehow it does not seem to mesh.

I feel, too, that the government, having appointed the transport board, must be responsible to the country for its actions. I believe we have seen far too many attempts to avoid responsibility by passing important questions over to committees and commissions. Another one now is being suggested, which the minister says may require one or two years to complete its work. It is a sort of Kathleen Mavourneen commission.

Mr. CHEVRIER: I am sure the hon. gentleman does not want to misrepresent my position. During the course of the first debate I did say that, but after communicating with the board I said it would probably take not less than six months and perhaps could be completed within a year. I am sure the hon. gentleman does not want to be unfair by quoting me otherwise.

Mr. TOWNLEY-SMITH: I quite agree that the minister did say that, but previously he had made the statement, in answer to a question, that in his judgment it would take one year, and later he said perhaps two years. That is what made me think of Kathleen Mavourneen: "It may be for years, and it may be for ever."

Mr. CHEVRIER: But the hon. gentleman has to be fair, and I am asking him to accept the statement I made. If I did give an estimate of one year or more and later corrected it after communicating with the board of transport commissioners, the hon. gentleman will take the last statement I made if he wants to be fair. If he wants to be unfair he will say two or three or four or five years. I do not think the hon. gentleman wants to be unfair.

Mr. KNOWLES: But he is afraid you were right the first time.

Mr. TOWNLEY-SMITH: I shall be happy indeed to accept the minister's statement, and hope his second thought on the matter will prove closer to the actual fact than the statement I quoted earlier. I should be very glad indeed if the length of time could be cut down.

I still think the suggestion is good that when this commission is appointed it be entirely independent, perhaps something in the nature of a royal commission, rather than having the same board rehash the evidence and information that has been passed on to it and probably giving us the same thing all over again. I wonder whether our own railway committee could not do something along this line. At any rate I do feel that some body entirely separate from the transport board should be asked to do this work. Incidentally I have a letter which came to my desk today from the Edmonton chamber of commerce, asking for exactly what I am suggesting now. It asks for an independent tribunal to investigate rate structure. It also asks that the increase of 21 per cent be deferred until such investigations are completed.

Finally may I say how much I deplore the action of the government in refusing the request of the seven provinces to delay the operation of the freight rates increase until they have had a chance to discuss it. This I feel was both unreasonable and discourteous, and quite contrary to the oft-repeated desire for more co-operation. Action of this kind aggravates the whole situation, and instead of having greater unity in the land, we are without doubt heading into greater disunity.

Mr. R. W. MAYHEW (Victoria, B.C.): Mr. Speaker, I do not intend to delay the house for any great length of time in the discussion of this subject, although it is one of the most important which will come before the House of Commons this year. Certainly it is of great importance to both western and eastern Canada.

I am not taking exception to the findings of the board of transport commissioners in connection with the increase of 21 per cent in the rate. I believe the railroads, without difficulty, established the necessity for some additional revenue. I believe additional revenue was necessary, not only to be able to pay dividends to the stockholders of the Canadian Pacific Railway, but so that that company, as well as the nationally owned system, might be placed in a position where they could stand on their own feet, and even make returns sufficient to instil confidence in the minds of the investing public. This would be necessary if later they found it necessary to sell bonds for the improvement of rolling stock. It would be a sad day for Canada if the C.P.R. ever reached the position where the government and the Canadian people had to take it over, to be operated in conjunction with the Canadian National Railways.

Unless they are allowed to earn sufficient money to induce additional capital they cannot keep their rolling stock in a condition which would be competitive with that of United States railways. In my opinion that would be a bad position indeed. The worst factor of all is that they would not be able to perform the services which they should perform, namely, the giving to the Canadian people of as good freight and passenger service as is offered by any other transportation company in or outside of Canada.

I believe it is necessary to maintain this condition, and I believe that in giving relief the board of transport commissioners transferred the burden to the shoulders of the manufacturers and producers of the far east and the far west. Therefore it has now become necessary as soon as possible to address ourselves to the problem of finding an equitable rate structure upon which we can operate.

That is my principal reason for speaking today. I do not rise to justify what has been done; rather I am speaking in an appeal to the minister to see that the board of transport commissioners bring about an equalization of freight rates without delay. If this load must be carried by the Canadian people, it must be carried on an equitable basis, or there will be difficulty. Confederation became an actuality with the building of the railways; I fear that it will go out of existence if we do not have it on a proper basis. I do not believe we can build a second story on this freight rate structure unless we are prepared to go right down to the foundation, begin over again and do it right. I am prepared to give the board of transport commissioners adequate time to do that job, but I do not want to give them one minute more than is necessary.

As I said before, to get the money to keep the railway rolling stock in good condition it was necessary to treat the railways and railway employees well. But what is happening now? The far eastern manufacturers and producers, as well as those in the far west, find that they have this 21 per cent increase piled on top of a rate which already is high. They are driven to the point where they must do business from 350 to 400 miles closer to their own doorstep. In other words there are many manufacturers in the west who have been enjoying business in the midwestern provinces who will not now be able to carry on with that business for any great length of time. Certainly from their point of view there is urgency to have this matter settled as quickly as possible.

I have spoken about manufacturers. I now turn to one of our major industries on the Pacific coast, that of shipbuilding. Steel for their ships will cost the yards another 21 per cent. Those yards will be put out of line with yards in eastern Canada, and particularly those in the central provinces. It is necessary that that industry be protected particularly in respect of the shipment of steel into British Columbia. It may be that we are now in a somewhat better position, because it is possible that with more ships available we shall be able to bring steel in by water. But will that help the railways in their province? They will lose that volume of trade as well as the revenue derived therefrom. So for their own good I think it is necessary that that business be retained.

We do not like to feel that we are being crowded back onto our own doorsteps so far as the development of our industry is concerned. The other day the hon. member for Queens-Lunenburg (Mr. Winters) said that we want to be independent, that we want to stand on our own feet. That is true, but we want a place to stand. And the way things are going at the present time we are not being given a place to stand.

We have no outlook for our business, either in the west or in the east unless some adjustments are made. This is true not only of shipbuilding but also of the poultry and egg business. Certainly it is true of the tree fruits industry. I understand that the extra cost to that industry this year will be about a million dollars, and one cannot say what it will be for the lumber industry.

There are two points in connection with freight rates which I do not think require any further argument, adjustment, or meetings of the board. The first of these is the mountain differential. This matter has been argued year after year before board after board, and it has been agreed that the mountain rate should be taken off in nearly every instance. I believe that, without going too far at all, that is one place where the minister could act now, by asking the board to give a ruling without delay—right away. This would give considerable relief.

Mr. GRAYDON: Why could that not be done?

Mr. MAYHEW: The 16 per cent increase in the mountain rate is no longer 16 per cent. It is 16 per cent plus 21 per cent; in other words, it is a jump to about 19¾ per cent. They have taken away pretty nearly all that they gave us in the last adjustment. I think that that can be done without any further argument.

Mr. GRAYDON: Why does the minister not say why it cannot be done?

Mr. MAYHEW: I have no doubt he will when he gets a chance.

Mr. GRAYDON: He has interrupted many other times. I should like to hear him interrupt now.

Mr. CHEVRIER: I do not know who interrupts more than you do.

Mr. GRAYDON: Except yourself.

Mr. GIBSON (Hamilton West): But more effectively.

Mr. MAYHEW: I should like to finish. The other thing I should like to ask the minister to consider, and it is not necessary to argue about it at all—if you are trying to help me you will keep quiet.

Mr. GRAYDON: I could be a lot of help to you if the minister would only co-operate.

Mr. MAYHEW: There is another point that could be settled without the assistance of any committee or commission. I refer to the rates on freight going east and west. When I was home at Easter I had one case brought to my attention. A certain firm buys a commodity in the east and it costs them $2 per hundredweight to land it in Vancouver. Another firm in Vancouver making the same kind of commodity competes with this firm in the east, but in order to get it into the eastern market they had to pay $2.45. Is there any justice in that kind of set-up? I cannot see it at all. The same commodity travels over the same railroad, but in one case it goes east and in the other it goes west. Surely these two things do not require any further consideration.

Personally I cannot see why the people of Ontario and Quebec are not more interested in this matter. Surely they realize what is bound to happen. When you have railroad rates piled too high they become a tariff which makes industry in one locality permanently secure. Who wants such security? At the same time industry in Ontario and Quebec is kept out of certain areas. What will happen?

I am going to tell you that if I were a few years younger and thinking of going into business I would look very carefully at Winnipeg's position, and I certainly would look with longing eyes at the position of Edmonton as a manufacturing centre under the high rate structure we have at the present time. The people of Ontario and Quebec cannot sit idly by and see inequality piled up as between the east and the west. Eventually it will prove to their disadvantage.

It may be thought from what I have said that I should support one of the amendments. I am not going to support the C.C.F. amendment because it means a vote of want of confidence. Who has ever heard of a government being thrown out of office because it supported the action of its own creature? That is what the board of transport commissioners is. It would be something new so far as I am concerned.

An hon. MEMBER: Never do anything new.

Mr. MAYHEW: I would not do it in this instance. I cannot support the want of confidence motion moved by the Conservatives. Perhaps it has some merit from the point of view of what I have been arguing. My hon. friends evidently agree that there is some urgency in connection with this matter, but if this motion of want of confidence is successful it would mean six to seven months before we could even get started.

Mr. GRAYDON: Put out this government and you will get some action.

Mr. MAYHEW: I certainly agree with the last sentence in an article which appeared recently in the *Atlantic Monthly,* to the effect that Canada was the best governed country on earth. I still think that we have as good a government in Canada as you can find anywhere.

There are many more things I should like to say, but I will not delay the house longer.

Mr. E. B. McKAY (Weyburn): Mr. Speaker, I am sure the house is becoming impatient and is anxious to vote on the amendment proposed by the leader of this group, but as I spoke last year on the subject of freight rates when the 30 per cent application was presented to the board of transport commissioners I feel that I would be remiss in my duty if I did not protest on this occasion about the increase recently granted.

I wish to add my voice in further protest against the additional burden which has been placed upon the prairies and the maritime provinces which already provide more than their fair share of the operating revenues of the Canadian railway systems. The argument advanced in favour of the 21 per cent increase in freight rates is the same as that which has been advanced by industry in favour of higher prices for consumer goods, namely, increased operating costs on account of higher prices required for materials and higher wages for employees.

I submit that the argument that more revenue is necessary in order to pay increased wages is an attempt on the part of the railroads to throw the onus on the employees of the railway systems for the recent 21 per cent increase in freight rates. This is unfair, because, during the war and subsequently when the railroads had the highest revenues in their history, they had ample opportunity to improve the lot of their employees. But what happened? The wages of the men barely kept pace with the increased cost of living.

Railway maintenance men, shop men and porters are still underpaid. They have never received wages commensurate with the onerous tasks they perform. The basis of the demand for this 21 per cent increase is not increased wages for employees; it is because greater revenue is required in the case of the Canadian National Railways to service an unwieldy debt, and in the case of the Canadian Pacific Company to meet the demands of the shareholders for more dividends. The government could have prevented this 21 per cent increase had price control been retained.

An hon. MEMBER: Wage control.

Mr. McKAY: We will come to that later.

Railway employees have repeatedly told me—this is in answer to my hon. friend who interjected—that if the government had retained price control they would not now require increased wages. They feel this way about it, that if they do get a slight increase in wages, everything they purchase for themselves and their families will go up in price so much that their wages will fall far short of their needs. They know, and this house knows, that wages never keep pace with mounting living costs. The whole freight rate issue, as I see it, is just another chicken come home to roost. It is one of the fruits of the government's reckless and ill-conceived decontrol policy. Had price control been retained, the price level of materials required by the railways, and the wage level necessary to maintain the standards of living of their employees, could have remained such as to make it quite unnecessary for increased revenue demands by the railways at this time. Certainly the railways would have under those circumstances no argument to substantiate a demand for higher freight rates. The government therefore must take full responsibility for the situation which has led to the 21 per cent increase in freight rates.

To give the railways a blood transfusion of a 21 per cent increase in freight rates when they are in a relatively healthy position is in my opinion quite unjustifiable. I would ask what has happened to the reserves, which, according to "Railways in Canada, 1945", a publication issued by the Department of Trade and Commerce, had reached at the end of 1945 the sum of $493 million. What has become of these reserves?

The main opposition to the increase is, however, based upon the fact that it imposes an added burden upon a freight rate structure already discriminatory in effect upon the west and upon the maritimes. It places an intolerable burden on the economy of these regions. It is a severe blow to the economy of the prairies and of the provinces down by the sea. It intensifies the discrimination in freight rates as between the central provinces and the remainder of the dominion. There is not the least doubt that it will have a disruptive effect upon the Canadian economy as a whole. It contributes to inflation and will increase most substantially the cost of living of the people of the prairies and of the maritimes. According to a report in *Time* magazine of April 12, the new rates will take $70 million out of the pockets of Canadians, particularly in the maritimes and in western Canada. There has already been a noticeable increase in the mark-up of goods in various parts of Canada since this 21 per cent increase. For instance, in Vancouver, automobiles and trucks are now up from $25 to $50. In Halifax steak is up twelve cents a pound and tea up ten cents a pound.

According to an article appearing in the Regina *Leader-Post* of March 31, a paper that is most friendly to the government, the new rates will boost lumber costs $3 per 1,000 feet, canned goods forty cents a case, farm tractors from $8 to $14 apiece, coal twenty-five cents a ton and fertilizer forty cents a ton or more. In other words, the grocery bill and fuel, clothing and construction costs will be greatly increased. Furthermore, the heavier rates will increase the cost of production for the farmer, since gasoline, farm machinery and other commodities which go into his production costs will all cost more money. This will force the farmer in turn to demand a higher price for his produce in order to make ends meet.

Prairie people, and I am sure maritimers as well, are quite prepared to assume their fair share of transportation costs. I refer to the maritimes deliberately, Mr. Speaker, because I am a maritimer by birth and I have some real reason for bringing this part of the country into any speech on freight rates. I am sure that both the prairies and the maritimes are quite prepared to assume their fair share of transportation costs, but the rates in these regions, even prior to the recent increase of 21 per cent, were higher than in the central provinces. On the prairies, for instance, they were 15 per cent higher. A freight rate in Ontario of $1 becomes $1.15 on the western plains. This is the main reason for the opposition to the flat increase of 21 per cent across the board, recently permitted by the board of transport commissioners and sanctioned by the federal government.

The prairies have always provided top operating revenue for the railways. According to figures released in the equalization of rates case in 1927, the Canadian Pacific Railway Company's net earnings in the western region were double those received in its eastern region. The freight rate structure has not been materially altered since that time until the present 21 per cent increase was granted. Therefore the same situation prevailed until 1948. Operations in eastern Canada have been less profitable for the railways because of greater competition, which has been referred to again and again in this house, and because of heavier maintenance charges to which the railways there have been subject. This has made a difference in the net revenue in the two regions. But in the case of the prairies it seems grossly unfair to discriminate against them in this matter just to provide additional

revenue for the railways in order to meet the deficits which they may accumulate in the eastern region.

Last year when I spoke on this subject I said:

> There should be no attempt to be unfair to the railways. On the other hand, if an over-all increase in freight rates is discriminatory in effect it may have dangerous consequences.

I still think so, Mr. Speaker. I continue with the quotation:

> The imposition of an unfair and unwieldy freight structure upon any region of Canada can well develop an anti-confederation attitude. This has manifested itself on several occasions, both in the maritimes and in the west. This, of course, is to be avoided. All Canadians must remember that confederation should be based on equality and that economic discrimination against any area in the dominion may create separatist sentiments. I suggest that now is the opportune time to examine the whole freight rate structure so as to remove existing inequalities.

Remember, Mr. Speaker, that is what I said last year when the application was being submitted to the board for an increase in freight rates. I continue the quotation:

> Now is the time to set up a royal commission, if you will, to investigate thoroughly all charges of discrimination which have been levelled against the railways by western and other organizations. I submit that, until this whole matter is ironed out to the satisfaction of both the west and the maritimes, no body is in any position to appraise the need for a general increase in railway rates of any kind.

But the increase has been allowed without any attempt being made to remove the discrimination in rates which exists. That was the mistake which was made. Now the minister states, in an afterthought, that the present board of transport commissioners will be instructed to conduct an inquiry into alleged discrimination in the rates schedule. This is not a hopeful augury. The board has now been occupied for more than a year inquiring into the sufficiency of the present rates, and to appoint such a board to go into the whole rate structure will be in effect asking it simply to review its own findings. Surely this should have been done—

Mr. GARDINER: May I ask the hon. member a question?

Mr. McKAY: Yes.

Mr. GARDINER: In view of the fact that he made that statement a year ago, I wonder whether the hon. member can explain to us why the western governments not only did not make application to the board to have discrimination and inequalities considered, but stated that they were not prepared to go on with presentation of the case?

Mr. McKAY: In answer to that question, may I say that this government is aware that discrimination does exist. I was coming to that point—

Mr. GARDINER: Agreed.

Mr. McKAY: I was coming to that point in a few minutes. This government, as well as the provinces concerned, is aware of the discrimination, and the board are aware of it because they have had sufficient material before them to prove that there is discrimination. In those circumstances, why has no action been taken without an application? Do they have to wait until they get an application? As a matter of fact, the minister—

Mr. CHEVRIER: May I ask a question?

Mr. McKAY: Just a moment please until I finish. The minister has already said that he has instructed the board to do something about an investigation of discrimination in rates. They are not now waiting for an application. Why were instructions not given before on the matter of freight rate equalization?

Mr. PROBE: There was no chance of a defeat at that time.

Mr. CHEVRIER: May I answer the hon. gentleman? The hon. gentleman asks how it is that, although the board have full information with reference to discrimination, yet they will not deal with it. My reply to that is that the board have not the full information; they could not possibly have full information until such time as a case for discrimination has been laid before them.

Mr. GARDINER: By the provinces.

Mr. CHEVRIER: By the provinces or by any other public body. The case which was laid before the board fourteen months ago was one for an increase in freight rates, and until such time as one for discrimination or removal of inequalities—has been made and it will take a thorough investigation; I am sure the hon. gentleman will admit that—they cannot deal with inequalities.

Mr. McKAY: I suggest that the minister read the speech of the hon. member for Kindersley (Mr. Jaenicke) on this matter at page 2939 of *Hansard*. He definitely said then—and I wholeheartedly agree with what he said—that the board have authority to take this action if they feel disposed to do so. If the minister will permit me to continue, Mr.

Speaker, I should like to say that the government has been aware of the discriminatory rates condition for some time, and certainly we have not been remiss in our duty in this corner of the house for we have brought it to the attention of the government on several occasions. Material in the hands of the board also substantiates the fact that such a condition prevails. I am quite certain that the seven provinces concerned in this matter will not be very well satisfied with this afterthought on the part of the minister. The people of the west and the maritimes want action, and they want that action now.

Furthermore, I think the public in the seven provinces concerned will demand that a wholly independent body, untrammeled by past rulings, precedents and judgments, be set up to deal with this urgent matter. The matter of freight rate discrimination should be dealt with in a wholly objective manner. This is a job for a royal commission, and I urge upon the minister to restore public confidence by setting up such a body. I do not feel that much will be gained by the reviewer reviewing its own findings or its own judgments. A royal commission completely independent should be appointed to examine the host of questions affecting public policy in this regard, and to bring in a report to parliament as expeditiously as possible.

I question the competency of the present board to deal with this subject, a board appointed to control railway rates and practices, and I say that, Mr. Speaker, despite what the minister said this afternoon to the effect that the board has power to deal with equalization of rates. If power exists, why has it not been used? This is a very important matter; it is a matter of freight rate differential, and it affects the economy of the country. Furthermore, the subject of freight rate discrimination appears completely outside the sphere of authority of the board on this matter, or it should have been dealt with long ago.

I believe, however, that any commission of inquiry which might be appointed should act and act quickly. There has been a public apathy toward certain of these commissions in the past. There is good reason for it, because they have too often been abortive of results, and public suspicion of them is to some extent well founded. The reports of many royal commissions are gathering dust in the archives of this nation and have been doing so for many years. I suggest, therefore, that a year on such an inquiry is ample time, for if a longer period were taken it would only promote a lack of confidence and intensify the agitation which already exists in both the west and the maritimes against the decision of the board and against the railways as a whole. Such a commission should, in my opinion, be instructed to act with dispatch and to submit a report not later than the next session of parliament. Such a body could examine the effects of the whole freight rate structure upon our whole economic life.

In conclusion, I wish to say that I believe freight rates on essential goods should be held to a minimum. Moreover, there must not be regional discrimination. If periods should occur when operating expenses exceed revenues, the nation as a whole should be responsible for the deficits. All parts of Canada should assume a part of that burden if it should occur. The future welfare of Canada as a nation may well be at stake if rates are to vary in different parts of the country. Moreover, it is time that the dependence of the railways on the west for top operating revenue stopped. Until now the west has carried the major load in providing the railway system with profits. All the west and the maritimes are now asking is that they, as a part of this nation, be accorded a square deal in this urgent matter that affects their economy.

Mr. J. W. MacNAUGHT (Prince): It is not my intention, Mr. Speaker, at this late stage of the debate to delay the house for more than a few minutes. I feel, however, that I should make just a few remarks on this most important subject. Almost without exception every speaker so far has reiterated the fact that the railways are entitled to additional revenue. Most of the opposition seems to be directed toward the fact that the government did not prevent the order from going into effect at once. The opposition members, more particularly those from the maritimes, have stated time and again that editorial opinion in the maritimes is directed against the increase. I consider it important now that I should point out that an editorial recently appearing in the Charlottetown *Patriot*, and written by the Hon. Cyrus Macmillan, one of the members of the Duncan commission, whose report has been quoted with much approval in this house, is just to the opposite effect. This editorial appeared on April 19, and I shall make one or two brief quotations from it:

> The decision of the board of transport commissioners to allow the railways an increase in freight rates of 21 per cent—

Mr. GRAYDON: This was ruled on yesterday, Mr. Speaker.

Mr. MacNAUGHT: I continue:

—not 30 per cent as the railways requested, is still causing wide discussion, much of it ill-considered, uninformed and some of it bordering on illogical hysteria in its prophecy of resulting ruin.

Mr. GRAYDON: Once again I say this was ruled on yesterday.

Mr. MacNAUGHT: I continue:

Protests against the increase of rates are still loud and at times inaccurate in their implications.

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

Mr. DEPUTY SPEAKER: What is the point of order?

Mr. LESAGE: There is no point of order. The hon. member for Peel (Mr. Graydon) is trying to be smart.

Mr. GRAYDON: No one seems to have recognized the point of order involved. I should think Your Honour would, because it was your ruling yesterday.

Mr. DEPUTY SPEAKER: I just came into the chair.

Mr. GRAYDON: I understand that. For that reason, perhaps I had better bring Your Honour up to date. Yesterday the hon. member for Kings (Mr. Grant) attempted, I think he said, to paraphrase and I take him at his word. I always take his word. But in any event, he said he was going to paraphrase an editorial which was written by Cyrus Macmillan and which, I understand, suited some of my hon. friends on the other side of the house. He was about to read it into the record, but Your Honour refused him that privilege, and I think perhaps properly so. But I do not think this editorial—

Mr. GRANT: I did not read it.

Mr. GRAYDON: Just a minute. It would be nice to hear the hon. member, but I should like to go further in my remarks.

Mr. DEPUTY SPEAKER: Order.

Mr. GRAYDON: It seems to me that we should not allow this editorial to take flight around from one member to another in order to have it read. I should think what is sauce for the goose should be sauce for the gander. I suggest that goose and gander ought to be treated alike.

Mr. KNOWLES: Which is which?

Mr. GRAYDON: I will leave that for the public to decide.

Mr. MacNAUGHT: On the point of order, I wish to refer to Beauchesne, third edition, 1943, notation 262.

Mr. LOW: We are governed by May.

Mr. MacNAUGHT: The notation reads:

The practice of reading extracts from newspapers to support an argument in debate has been followed in the British house since 1840, when Speaker Peel, with the acquiescence of the house, allowed a member to proceed to read passages from a newspaper. In 1856, when a member was called to order for reading an extract from a newspaper, the Speaker stated that on former occasions when he had attempted to enforce this rule, he had been overruled by the house.

And again, notation 263:

Speaker Brand decided on June 3, 1878, and his decision seems to have settled the point, that a member is not out of order in reading a newspaper article on which he proposes to found a motion.

Mr. KNOWLES: Does the hon. member intend to found a motion on it?

Mr. GRAYDON: What motion has the hon. member?

Mr. MacNAUGHT: Notation 264 points out that it is out of order to read extracts in a debate under certain conditions, and goes on to enumerate the occasions. I submit that none of those applies to the point in issue, and therefore I insist that I am perfectly in order in reading this extract.

Mr. GRAYDON: On a point of order—

An hon. MEMBER: Another one?

Mr. GRAYDON: Yes, another one. I wish to state that I should not like to see hon. gentlemen opposite reflect on the decision made by Your Honour yesterday, and I hope they will not persist in doing so. Your Honour ruled clearly on that point.

Mr. DEPUTY SPEAKER: The hon. member for Prince (Mr. MacNaught) has quoted the Speaker's ruling in 1856, and I note the following:

. . . the Speaker stated that on former occasions when he had attempted to enforce this rule, . . .

Therefore the rule must have been in existence; otherwise he could not have attempted to enforce it. But at that time he was overruled by the house. If the house wishes to have read editorials commenting on what is taking place in the house I have no objection. But I think the rule is clear that members may quote an article which is merely a statement of fact; and I now read from Beauchesne, third edition, the latter part of notation 266:

Members may quote an article or a book stating facts, but a commentary on any proceeding or any discussion in the house, with the object of swinging an opinion to one side or the other, is out of order.

If the hon. member for Prince wants to quote an editorial which merely states facts, I would not object. But if it is a commentary on what has taken place in the house, I do not think it is within the rules.

Mr. GRAYDON: It is a commentary.

Mr. DEPUTY SPEAKER: If it is a commentary on what is taking place in the house I do not think it is in order.

Mr. MacNAUGHT: I have only this to say, Mr. Speaker, with respect to the citation you have read. It has been properly pointed out—

Some hon. MEMBERS: Order.

Mr. MacNAUGHT: I am speaking to the point of order.

Mr. GRAYDON: It has been decided; the Speaker ruled it out of order.

Mr. MacNAUGHT: I am not raising a point of order; I am speaking to the point. The citation refers to "any proceedings in the house." I submit that we are debating something with which the house had nothing to do. It was a decision of the cabinet, and the cabinet is not a committee of the House of Commons. Therefore we are debating something over which the house at that time had no control.

Mr. DEPUTY SPEAKER: There is a proceeding before the house now; there is always a proceeding of some kind before the house. That proceeding is an amendment to the motion to go into supply. During this debate the Speaker has ruled that commentaries, from sources outside the house, on what is taking place in the house at the present time, are not in order; and I think the house should abide by that ruling.

Mr. GARDINER: Just to get the point of order clear, I have not read the editorial—

Mr. GRAYDON: Have you read the rules?

Mr. GARDINER: Yes, I have; but I submit that the editorial, as I understand it, is not affected by the ruling the Speaker has given. I understand that the editorial contained a comment on the decision of the government to accept the judgment of the railway board. That is not discussing something which is taking place in this house at the present time.

Mr. KNOWLES: In connection with the point brought up by the Minister of Agriculture (Mr. Gardiner), may I remind Your Honour that on April 20 the hon. member for Saskatoon City (Mr. Knight) sought to read from an editorial in the Saskatoon *Star-Phoenix* of April 9. At that time it was his contention, as the Minister of Agriculture has contended, that the editorial commented, not on what was taking place in this house but on an "unfortunate decision" that had been made by the government. As I look at the rules, it seems to me that there is room for argument on both sides, but the fact is that on two occasions, while you were in the chair, you have stopped first the hon. member for Saskatoon City from reading an editorial in the *Star-Phoenix,* and the Liberal member for Kings (Mr. Grant) from reading the very editorial the hon. member for Prince (Mr. MacNaught) now proposes to read. I submit that, however we may interpret the rules, at least Your Honour will have to be consistent.

Mr. ROSS (Souris): I thought Your Honour had made your ruling, but since you have permitted a discussion in support of the argument advanced by the Minister of Agriculture, I wish to say that on April 15, when I was taking part in this debate, the Speaker of the house rose and referred me to citation 306 of Beauchesne. At the time I was quoting from an editorial in the Winnipeg *Free Press* exactly along the line mentioned by the Minister of Agriculture, but I was ruled out of order. I do not want to prevent the hon. member from reading his editorial, but surely when a ruling is made in this house it should apply to all sides.

Mr. DEPUTY SPEAKER: If I ruled previously that an hon. member could not refer to what the board had done or to some previous action of the government, that should have been brought to my attention at the time. If the hon. member who had the floor at that time had brought the point to my attention, probably I would not have given the ruling, but I did not understand that he brought it to my attention. I think we shall have to leave it to the discretion of the hon. member for Prince—

Some hon. MEMBERS: Oh, oh.

Mr. DEPUTY SPEAKER: I have not read the editorial, and I do not know whether or not it is a commentary on what is taking place in this house That will not be known until the editorial is read. I will repeat the ruling that if it is a commentary on the present debate I do not think the hon. member should read it; but if it is not such a commentary he may read it, as any other hon. member could. I do not think I should permit further debate on my ruling at this time.

Mr. KNIGHT: On the point of order—

Mr. DEPUTY SPEAKER: Order. I have given my ruling.

Mr. KNIGHT: On a question of privilege, my name has been mentioned in this con-

nection and I want to put the matter right. Your Honour has just said I should have brought this matter to your attention at the time, and I would point out that I did so at page 3148 of *Hansard,* in the following words:

With all deference, Mr. Speaker, I suggest that this comment has to do with the government, not with the house.

Mr. DEPUTY SPEAKER: I did not get the import of the hon. gentleman's remark at the time, which I regret. However, as I say my ruling is that commentaries by parties or persons outside the house on what is taking place within the house at the present time are not in order.

Mr. MacNAUGHT: I was practically through with the quotation when the point of order was raised. The concluding sentence of the first paragraph is:

In response to these protests the government has taken the most reasonable action.

I wish also to quote one sentence from another editorial appearing in the Sydney *Post-Record,* a newspaper not noted for its friendliness toward the present government. The first sentence in the third paragraph reads:

In its decision not to interfere with the increase in railway freight rates, the federal government stands on solid ground.

While I am on my feet, Mr. Speaker, I would refer to one other point. There seems to be much confusion in the maritimes as to the effect of this decision on the benefits accruing under the Maritime Freight Rates Act. I am happy to point out that if one looks into the judgment he will find that the benefits under that act have not been interfered with in any way.

Mr. MAX CAMPBELL (The Battlefords): Mr. Speaker, I fully appreciate that hon. members want to get through with this debate; but if they had received the letters and resolutions I have received they would feel as I do, that it is my duty to say a few words in support of this amendment. I have boiled down what I should like to have said into a short speech, and I hope I may have the privilege of delivering it now.

It would seem to me that the board of transport commissioners, in allowing a horizontal increase, has not carried out the intention of the Railway Act. Section 31 of that act deals with the matter of equity with respect to tolls and facilities. In effect the section says there shall be equality as to tolls with respect to all classes carried under substantially the same circumstances and conditions, and no toll shall be charged which unjustly discriminates between different localities. The two principal considerations governing the board are, first, as to the reasonableness of the rate, and, second, whether or not there is the feature of unjust discrimination.

Many instances of discrimination and injustice have been cited by hon. members in all parts of the house and belonging to all parties in the house, and I do not intend to take time to go farther into those discriminations. I wish to point out, however, that we have had increases in freight rates in the past. The first increase, following the first world war, came in 1917, when they were increased 15 per cent. The second increase was in 1918, and was 25 per cent, while the third increase came in 1920. The increase in 1920, however, was not horizontal. That is the point I wish to make. The board in the past has made at least one increase where the increase was not horizontal and was different in different parts of Canada. For instance, in eastern Canada the increase was 40 per cent and, in western Canada, 35 per cent, and on the transcontinental rates it was 33½ per cent, subject to certain exemptions.

My contention is that the board knows and has known that there has been discrimination for years. It seems to me that when the board allowed a horizontal increase it took the easy way out. Had the board increased freight rates in a manner similar to that which was done in 1920, allowing an increase of 30 per cent in eastern Canada and 10 per cent in western Canada, there would not have been such a protest made as has been made by the western and maritime provinces. This would, of course, have required more work and more study as to what actual percentages of increase should have been allowed.

Much has been said about the Canadian National Railways and their needs. My colleague the hon. member for Winnipeg North (Mr. Stewart) made what I thought was an excellent analysis of the balance sheet of the Canadian Pacific Railway Company. I am not going to deal with the Canadian Pacific this afternoon. The figures which he gave at that time will have to be answered by the government and by the Minister of Transport (Mr. Chevrier) before this debate is concluded.

In considering the need of the Canadian National Railways I think it is essential that this house take a look at the financial structure of that corporation, and I should like to quote from the judgment of the board of transport commissioners in this regard:

The situation in respect to Canadian National Railways is quite different today to the situation prevailing in 1920 or even in 1926. The railways are now fully integrated into one great railway transportation system which is well and efficiently operated and managed. Furthermore, the Canadian National Railways Capital Revisions

Act, 1937 (Canada, chapter 22, 1937), went a long way towards alleviating the financial burden carried by the railway. One of the results of the adjustments which were made by the said act, in the balance sheet of the Canadian National Railways in 1937, was to reduce by $35,000,000 the amount of interest payable by the Canadian National to the government of Canada, the proprietors, on moneys advanced by the parliament of Canada to the railways to defray operating deficits incurred prior to 1937.

In 1936 the fixed charges were shown for the Canadian National Railways at $86,995,878; in 1937 they had decreased to $51,597,321, and in 1946, through refinancing during the war, to $46,104,620.

In 1939 the interest on government loans amounted to $916,165, but in 1946 this item had reached the total of $21,322,583. Mr. Vaughan, president of Canadian National Railways, in his statement before the board, on the present application, repeated his suggestion which was previously made to the railways committee of the House of Commons "that at least this amount of $400,000,000 which the government had loaned for the purpose of repatriating securities should be placed on an income bond basis," that is, that the interest on this amount would be paid only if earned. Were this suggestion of Mr. Vaughan approved by parliament, it would go far towards placing the fixed charges of Canadian National on a comparable basis with other roads in Canada and the United States. This is, however, a question for parliament and not one for consideration of the board.

The situation as it stands today is that the Canadian National Railways must earn sufficient net railway operating income to meet fixed charges, which in 1947 amounted to $44,745,000. On the other hand the Canadian Pacific Railway Company only needs $18,000,000 for fixed charges.

The suggestion which Mr. Vaughan made in a statement before the board that the amount of $400,000,000 which the government had lent the railway for the purpose of repatriating securities should be placed on an income bond basis, that is, that the interest on this amount would be paid only if earned, seems to me a matter that the government should take under serious consideration.

In considering interest rates alone, and the difference in interest rates paid by the two companies, I find that in 1947 on capital borrowings bearing interest of 4 per cent or more the Canadian Pacific borrowed $10,700,000 at 4 per cent, while the Canadian National borrowed $128,000,000 at 5 per cent; $48,000,000 at 4¾ per cent; $181,000,000 at 4½ per cent and $46,000,000 at 4 per cent.

If the government would bring about refunding of the Canadian National debt to such a point where it would not be overly burdened, the need for increased freight rates would not be so great.

Speaking before the railway committee of the House of Commons on Monday, April 19, Mr. Vaughan said that the question of lowering the burden of debt the line owes the government was constantly before the finance department; interest payments were entirely too high.

In the railways' application for higher rates they pointed to the great increases in wages paid employees. I believe it was yesterday that the hon. member for Selkirk (Mr. Bryce) drew to the attention of the house the wonderful progress which has been made in technological developments. He pointed to the fact that larger engines are hauling larger trains and larger boxcars, and that there are greater numbers of them. In that connection I should like to place a few figures on record. In 1922 there were 165,635 employees of all the railroads in Canada. During that year the railways carried 108,530,518 freight tons, or an average of 655·2 freight tons per employee. In 1946 they had 180,383 employees and carried 179,966,180 freight tons, or an average of 997·7 freight tons per employee. This represents an increase of about 52 per cent in freight tons per employee. I think that is something which has not thus far been brought to the attention of the house.

It has been suggested to me by different Canadian National employees that some discrimination exists against the Canadian National in the matter of handling government business. For instance, on October 11, 1945, 1,700 recruits were moved from Vancouver to Halifax on the Canadian Pacific railway, which required four trains of seventeen cars each. In giving me this information, a Canadian National employee had this to say:

> Here we have the C.N.R. with a better grade, where one engine could handle each train, standing by while the C.P.R. requiring three engines to each train through the mountains, walks off with a rich haul. I cannot resist drawing this to your attention as it is a case of the C.P.R. getting the cream of the transportation business in every instance and our officials sit back apparently helpless because of the pressure from somewhere, I do not know.

In the northern part of my constituency, the Canadian Pacific have running rights over several Canadian National lines. My information, which I got from a source which I believe is reliable, is that the Canadian Pacific pick up loads all along the Canadian National line. I am also informed that mail travelling on the Canadian National destined to the west coast from Saskatoon is unloaded in Edmonton and reloaded on the Canadian Pacific route through Calgary. These are matters which I think should be investigated and, if found to be correct, rectified.

In 1947 estimates of the Post Office Department, I find that the Canadian Pacific received

$4,177,775 for mail carried, while the Canadian National received $3,756,489, or $421,286 less than that received by the Canadian Pacific. This means that the Canadian National receive 11 per cent less of moneys paid for carrying mail than did the Canadian Pacific.

I want to draw the attention of the house to the fact that the total mileage of the Canadian National Railways is 23,660 miles, while that of the Canadian Pacific Railway is 20,899 miles, giving to the Canadian National almost 13 per cent more miles than the Canadian Pacific, so that with 13 per cent more mileage than the Canadian Pacific the Canadian National receives 11 per cent less of the moneys paid by the government for carrying mail.

This situation is bad enough, but there is another type of discrimination to which I should like to direct the attention of the government. This is something to which I have drawn attention before. Governments in the past have allowed the Canadian Pacific to run branch lines into districts adjacent to Canadian National lines. We all know that these lines go through districts which vary as to the kind of soil and in other respects. You can go into Saskatchewan and find many places where the Canadian National have built lines into fertile districts which are now tapped by the Canadian Pacific. The latter company is taking freight which I think should justifiably go to our own Canadian National.

The Minister of Transport is young and energetic. I think he should begin to take a greater interest in the Canadian National Railways and to see that this sort of discrimination is done away with.

During the period of the war the railways did very well and there was no talk of an increase in rates. This because they were able to carry on a two-way traffic and lots of it. But many times in the past those of us who come from the west have seen our farm products hauled away in mile-long trains loaded to capacity. We got very little for those products, with the result that we also saw mile-long trains coming back from eastern Canada consisting of empty boxcars. We should see to it that that condition never recurs, because if it does we shall have the railroads asking for another increase in freight rates.

I was interested in the remarks of the hon. member for Davenport (Mr. MacNicol). The minister has complained that many of the speeches made during this debate have been destructive in character, but I think the hon. member for Davenport made some good suggestions. One suggestion was that there should be greater production and the development of backward areas.

In offering a partial solution to this question of freight rates, I would suggest three main points for the government to consider. First, there should be a refinancing of the Canadian National debt structure and a reduction of the interest rate. Second, there should be planning for more traffic by increased production. Third, subsidies should be paid where necessary in connection with lines which are not productive and where the traffic is not sufficient to pay operating costs.

After this action has been taken, the board of transport commissioners, to which I think some new blood should be added, should then carry out the provisions of the Railway Act, which states that there should be equality as to tolls with respect to all traffic carried under substantially similar circumstances and conditions and that no toll shall be charged which unjustly discriminates between different localities.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I shall delay the house for only a few minutes because the case for this group has been placed before the house and the government earlier in the debate. We consider that it was good business to state our case and let it rest. This morning, as well as during the past weeks since this freight rate increase has been in effect, I have received a number of complaints. I should like to bring two of these to the attention of the house.

The first was received from a merchant in a small town near the Saskatchewan border who complains about express rates from Edmonton to his town. On April 3 he received from Edmonton a shipment of two boxes weighing 55 pounds for which he paid 42 cents. On April 10 he received a similar two boxes weighing 54 pounds for which he was billed 81 cents, or practically a 100 per cent increase. We have been given to understand that only a 21 per cent increase was authorized. One week later, on April 17, he received another shipment weighing 52 pounds for which he was billed 80 cents. This party has written me and he wants an explanation which I cannot give him. If the minister can give me an answer I will pass it on to this merchant. He and many others are really peeved about this increase in freight rates which has been granted without having the discriminatory features of the freight rate structure removed.

I received a letter this morning from the Edmonton chamber of commerce. This contains some suggestions which I should like to place on the record. Their letter reads:

> It is the opinion of this chamber that such an inquiry should be conducted by an independent

tribunal, in the nature of a royal commission, and this chamber has so advocated for the past year and a half. In so advocating, the chamber does not desire to express lack of confidence in the board of transport commissioners, but desires to point out that what may in some repects be an appeal from the findings of a quasi judicial body should not be referred to the same body. Furthermore, the chamber feels the inquiry should be by well qualified men, versed in the field of commerce and economics who would be unhampered in any way by the statutory restrictions by which the board of transport commissioners has heretofore been hedged about.

The chamber has been advocating, and still advocates, the appointment of a commission of the prestige and influence of the Rowell-Sirois commission because the chamber feels the question of freight rates is the single most important matter facing the Canadian economy at the present time.

Skipping two or three paragraphs, I quote again:

. . . it would seem unfortunate that the findings of any such inquiry should be anticipated by the implementation of the present 21 per cent increase, and the chamber considers it to be in the interests of Canada that the findings of the board of transport commissioners be deferred until the new inquiry has had an opportunity of hearing evidence, fully considering matters and reporting to the government of the day.

In the view of this chamber it would be in the public interest, if necessary, to protect independent railways from operating losses by governmental subsidy while the commission conducts its study.

That is the exact stand which was taken by this group when our position was placed before the house some days ago. I want to endorse these suggestions fully, as does my group, and commend them to the Minister of Transport (Mr. Chevrier) and the government.

Mr. SPEAKER: Is the house ready for the question?

Mr. COLDWELL: Mr. Speaker—

Mr. Speaker having read the motion, the amendment, and the amendment to the amendment:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I have not spoken on the amendment to the amendment and I wish to comment on it very briefly.

Mr. GARDINER: On a point of order, Mr. Speaker, I think the rule is very clear that when the Speaker rises—

Mr. COLDWELL: I rose too.

Mr. GARDINER: —and puts the question and asks if the house is ready for the question, and the house agrees—

Mr. COLDWELL: The house did not agree.

Mr. GARDINER: I was watching very closely what took place. The Speaker started

to read the question to the house before the hon. member stood up the first time and, that being the case, I submit that, under the rules of the house, there is no opportunity for any further speaking.

Mr. COLDWELL: Mr. Speaker, I started to rise when you rose, but as you had risen to your feet I resumed my seat. I rose because I had not spoken to the amendment to the amendment and I wanted to speak on it for a very few minutes. I think, Mr. Speaker, I am within my rights in suggesting to you that I should be accorded that opportunity. I sat down simply because you also were on your feet.

Mr. HARRIS (Danforth): I rise to a point of order, Mr. Speaker. The hon. member was on his feet, although it is quite true, Mr. Speaker, that you may not have noticed it. My second point of order is this, that Your Honour had not concluded reading the amendment to the amendment before the hon. member for Rosetown-Biggar was again on his feet. So on both points of order, Your Honour, I feel that the hon. member is in order in speaking.

Mr. COLDWELL: Mr. Speaker, I rise to speak for just a few moments on the amendment to the amendment moved by the leader of the opposition (Mr. Bracken).

Mr. GARDINER: Mr. Speaker, I insist on a ruling on the point of order I raised. Is it correct or incorrect?

Mr. SPEAKER: The point of order raised by the Minister of Agriculture is well taken. As hon. members know, according to the rule, when the Speaker has started to put the question no member is allowed to speak. When I rose I asked the house first: Is the house ready for the question? And no member rose. The question before the house was the whole question, the main motion, the amendment and the subamendment, and when I asked if hon. members were ready for the question—

Mr. COLDWELL: Your Honour did not ask that.

Mr. SPEAKER: I asked the house first: Is the house ready for the question? I certainly did, and no member rose. Then I put the question. So I think we should proceed.

Mr. COLDWELL: Before Your Honour finally rules, may I refer you to Beauchesne, Parliamentary Rules and Forms, second Edition, citation 260:

A member may not speak on a question after the Speaker or Chairman has collected the voices both of the yeas and nays on that question. A question is said to be "fully put" when the voices have been so collected.

May I also point out, Mr. Speaker, that I always try to be courteous to the Chair, and when I saw you on your feet I knew I should resume my seat, and I did. I had partly risen when you rose, Mr. Speaker, and then I took my seat again when you were on your feet. I believe that the rule which governs in this case is the one I have cited, citation 260, that the question is not "fully put" until the voices of members have been heard.

Mr. SPEAKER: I have already explained the situation to hon. members and they know very well what is the practice. After the house is ready to divide on the question, it would be of no use to listen to other hon. members. But if a mistake occurred, and it is the wish of the house that the hon. member should be given unanimous consent to proceed, he may proceed.

Some hon. MEMBERS: Agreed.

Other hon. MEMBERS: No.

Mr. COLDWELL: It is very good of you, Mr. Speaker, to put it in that way, that I may proceed with the unanimous consent of the house, but I do not wish to have the unanimous consent of the house. I am standing on the position that the whole question had not been fully put and that I am within my rights to speak at this stage. I appreciate very much Your Honour's suggestion that I may proceed with the unanimous consent of the house, but I believe I am right in my contention that the question has not been put. Your Honour did not say, for example: The question is on the subamendment.

Mr. SPEAKER: The question is on the amendment to the amendment.

Mr. COLDWELL: Now, and no voices have yet been heard. Have I the right to speak?

Mr. SPEAKER: Order. I do not want any confusion. Hon. members know perfectly well the practice we have always followed in the house. The Speaker rises and asks the house: Is the house ready for the question? It is then open to any member to rise and speak on the amendment or on the amendment to the amendment or on the main motion. I put the question to the house and no member rose, so I started to read the motion. After that, I could take the yeas and nays. I ask hon. members to allow me to proceed.

The house divided on the amendment to the amendment (Mr. Bracken) which was negatived on the following division:

YEAS

Messrs:

Adamson
Archibald
Argue
Aylesworth
Barrett
Bentley
Black (Cumberland)
Black (Yukon)
Blackmore
Blair
Boucher
Bowerman
Brooks
Bryce
Burton
Campbell
Case
Casselman
Charlton
Church
Cockeram
Coldwell
Coyle
Cruickshank
Daniel
Diefenbaker
Drope
Fair
Fraser
Fulton
Gillis
Graydon
Green
Hackett
Hansell
Harkness
Harris (Danforth)
Hatfield
Hazen
Henderson
Herridge
Hlynka
Hodgson
Jaenicke
Johnston
Knight
Knowles
Lennard
Lockhart
Low
McCuaig
McCullough (Assiniboia)
Macdonnell (Muskoka-Ontario)
McGregor
McKay
McLure
McMaster
MacNicol
Manross
Marshall
Massey
Matthews (Kootenay East)
Menary
Merritt
Moore
Murphy
Nicholson
Pearkes
Probe
Quelch
Robinson (Bruce)
Ross (St. Paul's)
Ross (Souris)
Skey
Stanfield
Stephenson
Stewart (Winnipeg North)
Stokes
Strum, Mrs.
Thatcher
Timmins
Townley-Smith
Tustin
Webb
White (Hastings-Peterborough)
White (Middlesex East)
Wright
Wylie
Zaplitny—89.

NAYS

Messrs:

Abbott
Arsenault
Beaudoin
Belzile
Benidickson
Bertrand (Laurier)
Bertrand (Prescott)
Bertrand (Terrebonne)
Blanchette
Boivin
Bonnier
Bourget
Bradette
Breithaupt
Brown
Brunelle
Caouette
Chevrier
Claxton
Cloutier
Coté (St. Johns-Iberville-Napierville)
Coté (Verdun)
Cournoyer
Croll
Dechene
Denis
Dickey
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Douglas
Emmerson
Eudes

Farquhar
Fontaine
Fournier (Hull)
Gagnon
Gardiner
Gariépy
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gingues
Gladstone
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Gregg
Hallé
Harris (Grey-Bruce)
Healy
Howe
Ilsley
Isnor
Jutras
LaCroix
Lafontaine
Lapalme
Lapointe
Laurendeau
Leger
Lesage
Little
McCann
McCubbin
McCulloch (Pictou)
Macdonald (Brantford City)
McDonald (Parry Sound)
McGarry
McIlraith
McIvor
MacLean
MacNaught
Maloney
Marier
Marquis
Martin
Matthews (Brandon)
Maybank
Mayhew
Michaud
Mitchell
Mullins
Mutch
Nixon
Parent
Pinard
Pouliot
Power
Raymond (Beauharnois-Laprairie)
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Robinson (Simcoe East)
Ross (Hamilton East)
St. Laurent
Sinclair
Sinnott
Smith (York North)
Stuart (Charlotte)
Tremblay
Viau
Warren
Weir
Whitman
Winkler
Winters—110.

Mr. MACKENZIE KING: I was paired with the leader of the opposition (Mr. Bracken). Had I voted, I would have voted against the subamendment.

Mr. JEAN: I was paired with the hon. member for Waterloo South (Mr. Homuth). Had I voted, I would have voted against the subamendment.

Mr. SMITH (Calgary West): I did not vote, Mr. Speaker. I have had a long association with these railways, and I thought I owed it to the integrity of this house and myself to abstain, which I did.

Mr. JACKMAN: I was paired with the hon. member for Bellechasse (Mr. Picard). Had I voted, I would have voted for the subamendment.

Mr. SPEAKER: Is the house ready for the question?

Mr. BURTON: May I ask you to call it six o'clock?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Question.

[Mr. Speaker.]

Mr. SPEAKER: Order. I asked if the house was ready for the question—

Some hon. MEMBERS: No.

Some hon. MEMBERS: Question.

Mr. SPEAKER: —and an hon. member of the C.C.F. party, the hon. member for Humboldt (Mr. Burton) rose to speak. So, it being after six o'clock, I have to say, It being six o'clock I do now leave the chair.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. J. W. BURTON (Humboldt): Mr. Speaker, if this question of freight rates were not such a serious one it would indeed be funny, the way the government and its supporters are endeavouring to force such an unjust and unfair ruling onto the greater part of this country. The least a person can say is that it is ironical that the only representative from Saskatchewan in the cabinet—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but I believe it is my duty to call the attention of the hon. member and the house, before we carry on with this debate, to the fact that we have had a long debate on this question. Of course it is the privilege of the house to continue the debate as long as hon. members think it should be continued.

I have been most generous in permitting hon. members not, shall I say, to read their speeches—because that is against the rules of the house—but to consult their notes in the debate. I do not believe, however, that in carrying on with this debate I should permit hon. members to read their speeches. I must advise hon. members, therefore, that from now on I shall be very severe. I will not tolerate any member reading his speech.

Mr. BURTON: On a question of privilege, may I inquire whether Your Honour was implying that I was beginning to read my speech?

Mr. SPEAKER: Order. I would ask the hon. member to have the respect he should have for the Chair. I have made this statement before the hon. member begins, to call the attention of hon. members to this point so that they will not read their speeches. Moreover I must call the attention of all hon. members to the fact that I will not tolerate any member attempting to indicate that he

is not reading his speech by stating that he is just consulting his notes. If hon. members are reading their speeches, I shall not tolerate it.

Mr. BURTON: If this is a speech that is being read, then I would say—

Mr. SPEAKER: Order. I will not tolerate any representations from the hon. member. I did not accuse him of reading his speech; I did not say he was reading it. I just called the attention of hon. members in the house to the fact that I will not tolerate any hon. members reading their speeches. I would ask hon. members not to forget the rules the Speaker has to apply.

Mr. BURTON: I wish to assure you, Mr. Speaker, that I have no desire to be discourteous to the Chair or in any other way to violate the rules of the house. I wish to assure you and all other hon. members that I have not a written speech before me, and that I have very scanty notes which I wish to consult. If necessary, I shall speak even without consulting those notes.

So far as the other matter was concerned, the one with which I was dealing before I was interrupted, I was going to say it is ironical that the only representative in the cabinet from Saskatchewan should make use of the only time he has taken part in the debate to speak in an attempt to prevent my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), from exercising his right to speak to the amendment to the amendment.

In that connection may I also say that the only other member from Saskatchewan on the government side of the house has not taken part in the debate. However he did have quite a bit to say about it out in the west. In that connection I quote from a report in the Saskatoon *Star-Phoenix* of April 3, where he said:

> I think the west will get a fair deal out of the freight rates situation under proper representations.

Then he described the ruling of the board of transport commissioners, and I should like to have the Minister of Transport (Mr. Chevrier) pay attention to this:

> He described the ruling of the board of transport commissioners as just an advisory ruling.

Farther on comes the gem of the interview, where he says:

> We are best represented by our members at Ottawa. But there are only four of us from the west; two from Alberta and two from Saskatchewan.

Then he said:

> How I could have used the support of fifteen or twenty Liberal members in my talks before the caucus.

Well, Mr. Speaker, if those fifteen or twenty imaginary Liberal members from Saskatchewan would not have been any more vocal in the interests of the people of that province than are the two Liberal members from there at the present time, it would have been just too bad for Saskatchewan.

Then, to think that the Minister of Agriculture (Mr. Gardiner) should raise the point that he did raise this afternoon, in an endeavour to shut off the hon. member for Rosetown-Biggar.

Those of us who have lived in the west, those of us who have helped build up the west, realize that this is not the first time we have been let down by Liberal members from the west. In connection with this question of freight rates, may I say it is such a large subject and one which covers so much ground that, despite the fact that we have spent considerable time in a discussion of it, there is still much that could be said. However, it is not my intention to go into the details of the various angles of this question which affect the people of the constituency I have the honour to represent, which affect the people of Saskatchewan; indeed, the people of the western provinces, as well as the maritimes.

I would say, however, that during the time this debate has been in progress a number of members taking part in the debate have endeavoured from time to time to show that there has existed and still exists discrimination as between the different parts of Canada, so far as freight rates are concerned. A number of times the Minister of Transport and his supporters have endeavoured to brush that aside by saying that the question of discrimination will be referred to the board of transport commissioners for further consideration. In that way he is trying to shove that part of the debate to the side. I would draw to his attention, through you, Mr. Speaker, that last year when members of this group were trying to bring the question of discrimination before the house the Minister of Transport took another view of the matter. I have here before me *Hansard* of March 6, 1947.

Mr. GARDINER: On a point of order, we have just completed a vote on the amendment to the amendment which had to do with discrimination and inequalities. The amendment now before the house involves only the deferring of increases in rates. As I say, we have already taken a vote of the house on the other question and I think we should go on and discuss the amendment.

Mr. COLDWELL: On the point of order, I fail to follow the Minister of Agriculture. Our amendment states that what has been proposed by the board of transport commissioners is

inimical to the people of Canada, is discriminatory to some of the people of Canada. Hence I contend that what the hon. gentleman is saying about discrimination in reply to the minister is perfectly within the bounds of this debate.

An hon. MEMBER: That is another foul ball.

Mr. COLDWELL: You have to stifle discussion of that kind. You are afraid of it.

Mr. CHEVRIER: You are trying to carry the debate *ad nauseam*.

Mr. BENTLEY: It will nauseate you when you hear it.

Mr. CHEVRIER: Indeed it is nauseating.

Mr. SPEAKER: I think the hon. member who has the floor and the hon. members who have spoken on the point of order know perfectly well that in debate they should not refer to a question which has already been settled by a vote of the house. The amendment now before the house reads:

> That all the words after the word "that" to the end of the question be deleted and the following be substituted therefor:
> "this house is of the opinion that the failure of the government to defer the imposition of the increases in freight rates recently authorized by the board of transport commissioners is inimical to the best interests of the people of Canada; further this house is of the opinion that the government should reconsider this matter and take action to prevent the proposed increases from coming into effect at this time."

I would ask the hon. member to confine his remarks to the amendment now before the house. The amendment upon which the house voted this afternoon reads as follows:

> Regrets the government's failure to secure the removal of inequalities and discriminations in the Canadian railway freight rates structure before the imposition of a horizontal increase of twenty-one per cent—an increase which is bound to intensify the aforesaid inequalities and discriminations.

I would ask the hon. member to confine his remarks to the amendment now before the house. I realize that some hon. members may say the amendment now before the house is close to the spirit of the subamendment upon which a vote was taken this afternoon, but hon. members must admit that if I accepted the amendment to the amendment it was because there was a difference between the amendment to the amendment and the amendment. I would ask hon. members to confine their remarks to the amendment and not discuss the subamendment upon which a vote was taken this afternoon.

Mr. BURTON: Let me assure you, Mr. Speaker, that I shall endeavour to the best of my ability to comply with your ruling. It is ironical that the Minister of Agriculture rises to his feet only on a point of order of this nature.

Mr. CHEVRIER: You have said that three times already.

Mr. BURTON: Your Honour has pointed out that the amendment to the amendment which was disposed of this afternoon—I shall not refer to it—was very close to the amendment moved some time ago by the hon. member for Rosetown-Biggar, so I hope that if I should get close to the line you will take that fact into consideration.

In moving the amendment, we in this group asked the government to delay putting into effect the ruling of the board of transport commissioners because it was inimical to the welfare of the people in certain parts of the country. Consequently, when we deal with that matter we are dealing with a question which we endeavoured to discuss last year. At that time the Minister of Transport raised objections, and raised them successfully I would say, because members in this group were prevented from discussing what was then uppermost in their minds.

Mr. CHEVRIER: On a point of order, the hon. member is quite incorrect—

Mr. COLDWELL: No, he is not.

Mr. CHEVRIER—in the statement he has just made.

Mr. COLDWELL: Let the minister read *Hansard* of March 6.

Mr. CHEVRIER: I remember what happened since it concerns myself.

Mr. SPEAKER: May I ask the minister to be kind enough to address himself to the Chair.

Mr. CHEVRIER: I will gladly do that, Mr. Speaker. The point of order which I make is that when the discussion on freight rates occurred on a previous occasion I took the position that, since the matter was before the board of transport commissioners, it was then *sub judice* and therefore could not be discussed in this house. Notwithstanding that position, I was overruled in part by Your Honour. Your Honour allowed a general discussion on freight rates, I think in the debate on the address in reply to the speech from the throne. When the hon. gentleman states that I objected to the debate and that they were not allowed to debate freight rates, I take issue with his statement and say it is unfounded and incorrect. The house was allowed an opportunity at that time to discuss freight rates.

Mr. COLDWELL: The discriminatory features were objected to.

Mr. BURTON: Were it not, Mr. Speaker, for your ruling of a few moments ago, I would be glad to place on the record the exact words of the Minister of Transport in that connection.

An hon .MEMBER: Do so now.

Mr. KNOWLES: If he did, you can.

Mr. BURTON: Since he has raised a point of order on that, may I ask your permission, sir, to quote from page 1087 of *Hansard* of March 6, 1947, where the minister is reported as saying:

> But in essence the hon. gentleman is discussing exactly what is before the board of transport commissioners today. He has referred to the discrimination alleged to exist between freight rates in the east and in the west. That is exactly what counsel have been arguing before the board. There can be no difficulty or doubt about that. I hope the hon. gentleman will understand that I do not want to interfere with free speech, but certainly there is no doubt in my own mind that what he is discussing is on all fours with the evidence given before the board.

Then on page 1088 the minister is reported as having said:

> I think I have the right to bring up this point, on the question of order. My hon. friend is quite right when he says the sole application before the board is for an increase in freight rates. But surely my hon. friend knows that those who are asked to appear with respect to that application have the right to reply on other matters, and they have in this reply pleaded this particular matter of the discrimination which may exist as between certain parts of Canada, with respect to both freight rates generally and what are known as regional rates. That matter has been discussed and evidence has been submitted. That is the point I am making, and I add that, in effect, that is what the hon. gentleman is discussing.

That is what the Minister of Transport said last year.

Mr. CHEVRIER: Will the hon. gentleman allow me a question? Does he not think that in order to be fair he should put on record the decision of the Speaker?

Mr. BURTON: I would gladly do so if His Honour would not object. I would have done so long ago if it had not been for the Minister of Agriculture. At page 1087 of *Hansard* of March 6, 1947, when the hon. member for Weyburn (Mr. McKay) was dealing with this question, he was interrupted by His Honour, who said:

> I am sorry to interrupt the hon. member, but I should like to direct his attention to the memorandum I prepared on this matter, which was read by the Deputy Speaker yesterday, and particularly to this paragraph—

Mr. SPEAKER: Order. As I recalled to the attention of the house a few moments ago, we had a very long debate on that question, and I believed that it was my duty as the voice of the house to rule that the debate should be relevant to the matter before the house. Now we have an amendment actually before the house and I asked the hon. member a few minutes ago to confine his remarks to the amendment, but since he started his speech, which seems to have been enjoyed very much as shown by the laughter in the house, he has been on the borderline throughout not to say more, in spite of my advice. I have a duty to perform and I must insist upon the hon. member confining his remarks to the amendment before the house. If he does not do so, I shall be obliged to apply the sanction.

Some hon. MEMBERS: Oh.

Mr. COLDWELL: Mr. Speaker, the hon. gentleman has done nothing to call upon him the castigation you have just given him.

Some hon. MEMBERS: Order.

Some hon. MEMBERS: Sit down.

Mr. COLDWELL: I sat down too soon a little earlier.

Mr. SPEAKER: Order. I wish to give the hon. member all the liberty he should have, but it is my duty to ask him to confine his remarks to the amendment before the house.

Mr. COLDWELL: I contend, Mr. Speaker, that the hon. member is quite in order in what he is doing, that there is nothing improper in his behaviour as a member of this house and that the kind of lecture that has been given him is undeserved.

Mr. BURTON: I hope that I and all other members will profit by this incident. May I be permitted, Mr. Speaker, to add a few personal words. Ever since I entered this chamber in 1943, in my conscience before God, I have not said or done anything in this house that was out of order; and even if I did not honour you personally as I do, I should still honour the office you hold and endeavour to conduct myself in an honourable and upright manner in this house.

The amendment moved by my leader the hon. member for Rosetown-Biggar (Mr. Coldwell), as I was saying before I was interrupted by the Minister of Transport (Mr. Chevrier)—and if I may be permitted to say so, our whole difficulty this evening has come from the Minister of Transport and the Minister of Agriculture (Mr. Gardiner)—was moved to persuade the government that, for the time being, they should withhold the

application of the order of the board of transport commissioners. I could show how this freight rate increase will affect my constituency and the province from which I come, and, going beyond the confines of that province, how it will affect other parts of this dominion, but I shall not weary the house this evening when apparently the members are in such a hurry to do something which I believe they will regret before many years are over.

I received my early education in the southern states, where I was born, in the union to the south of us. In the first part of that education the British form of government was not spoken of in any too glowing terms, but, having come to this country as a young lad and continued my education here, I was very soon impressed by the parliamentary system of government that prevails throughout the British empire. Following the admonitions of my father, I endeavoured to study that system, and the more I studied it, the more firmly I came to the conclusion that we had in this country a form of government that was well adapted to accomplishing everything we desired and that it was one that should be furthered and encouraged.

As one goes on through life, things sometimes occur, and possibly something occurred this evening, to check one's firm belief in something that he admires and loves. But all this while, Mr. Speaker, I have believed and still do believe in our parliamentary system of government, and one of our rights under that system is the right of appeal, even to the foot of the throne, if necessary. The appeal from the board's decision would go before the ministers who are His Majesty's advisers.

On a question such as this which affects the people of this country so vitally, we hear a great deal said about the need for national unity. I plead with the ministers on the treasury benches, who are seemingly determined to have this order go into effect before even the appeal against it can be heard, to withhold the imposition of the order until those provinces which have registered notice of their intention to appeal may be heard. On Saturday the premiers of seven of the nine provinces are to present their case to the government, and I think it would be only fair and proper for this house to defer the vote on the amendment moved by my leader until next week, until that appeal is heard. One way of doing that would be for the members from the west and the maritime provinces to continue this debate, but personally I think there is a much better way. All that this house has to do is to agree to adjourn this debate until some time next week. In the meantime we can go on with our other work. I shall make the proper motion in this respect in a moment. Because of the anxiety that has been shown by hon. members on the Liberal benches for us to get on with the business of the house, I am sure that they will support the motion I am about to make. I think it will be better for all concerned and in the interests of national unity for the government to go on with the other business of the house and give the premiers of the seven provinces an opportunity to present their case. Therefore I hope they will support my motion. I move, seconded by the hon. member for Weyburn (Mr. McKay):

That this debate be now adjourned.

Some hon. MEMBERS: Question.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Mr. SPEAKER: Those in favour of the motion will please say "yea".

Some hon. MEMBERS: Yea.

Mr. SPEAKER: Those against the motion will please say "nay".

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the "nays" have it. Call in the members.

The house divided on the motion (Mr. Burton) which was negatived on the following division:

YEAS

Messrs:

Adamson	Hackett
Archibald	Hansell
Argue	Harkness
Barrett	Harris (Danforth)
Bentley	Hatfield
Black (Cumberland)	Herridge
Black (Yukon)	Hlynka
Blackmore	Irvine
Blair	Jaenicke
Boucher	Jaques
Bowerman	Johnston
Brooks	Knight
Bryce	Knowles
Burton	Lennard
Campbell	Lockhart
Casselman	Low
Charlton	McCuaig
Church	McCullough (Assiniboia)
Coldwell	Macdonnell (Muskoka-Ontario)
Coyle	McGregor
Daniel	McKay
Diefenbaker	McLure
Drope	McMaster
Fair	MacNicol
Fraser	Manross
Gillis	Marshall
Graydon	
Green	

Massey
Matthews (Kootenay East)
Menary
Miller
Moore
Murphy
Nicholson
Pearkes
Probe
Quelch
Ross (St. Paul's)
Ross (Souris)
Stanfield
Stephenson
Stewart (Winnipeg North)
Stokes
Strum, Mrs.
Thatcher
Timmins
Tustin
Webb
White (Hastings-Peterborough)
White (Middlesex East)
Wright
Wylie
Zaplitny—80.

NAYS

Messrs:

Abbott
Arsenault
Beaudoin
Belzile
Benidickson
Bertrand (Laurier)
Bertrand (Prescott)
Bertrand (Terrebonne)
Blanchette
Boivin
Bourget
Bradette
Breithaupt
Brown
Brunelle
Caouette
Chevrier
Claxton
Cloutier
Coté (Matapedia-Matane)
Coté (St. Johns-Iberville-Napierville)
Coté (Verdun)
Cournoyer
Croll
Cruickshank
Dechene
Denis
Dickey
Dion (Lake St. John-Roberval)
Dionne (Beauce)
Douglas
Emmerson
Eudes
Farquhar
Fontaine
Fournier (Hull)
Gagnon
Gardiner
Gariépy
Gauthier (Nipissing)
Gauthier (Portneuf)
Gibson (Hamilton West)
Gingues
Gladstone
Golding
Gour (Russell)
Gourd (Chapleau)
Grant
Gregg
Hallé
Harris (Grey-Bruce)
Healy
Héon
Hodgson
Howe
Ilsley
Isnor
Jean
Jutras
LaCroix
Lafontaine
Lapalme
Lapointe
Laurendeau
Leger
McCann
McCubbin
McCulloch (Pictou)
Macdonald (Brantford City)
McDonald (Parry Sound)
McGarry
McIlraith
McIvor
MacLean
MacNaught
Maloney
Marier
Marquis
Martin
Matthews (Brandon)
Maybank
Mayhew
Michaud
Mitchell
Mullins
Mutch
Nixon
Parent
Pinard
Power
Raymond (Beauharnois-Laprairie)
Raymond (Wright)
Reid
Richard (Gloucester)
Richard (Ottawa East)
Rinfret
Robinson (Simcoe East)
Ross (Hamilton East)
St. Laurent
Sinclair
Sinnott
Smith (York North)
Stuart (Charlotte)
Tremblay
Viau
Warren
Weir
Whitman
Winkler—109.

Mr. SPEAKER: I declare the motion lost.

Some hon. MEMBERS: Question.

Mr. SPEAKER: Order.

Mr. J. H. MATTHEWS (Kootenay East): Mr. Speaker—

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: Question.

Mr. MATTHEWS (Kootenay East): All right, Little Chicago; go to it. The house has just voted—

Some hon. MEMBERS: Hear, hear.

Mr. MATTHEWS (Kootenay East): Bottoms up!

Some hon. MEMBERS: Hear, hear.

Mr. SPEAKER: Order. Hon. members should understand that it is the duty of the Speaker to preserve order, and I would ask them to remain quiet while the hon. member continues his remarks.

Mr. MATTHEWS (Kootenay East): The house has just voted—

Some hon. MEMBERS: Hear, hear.

Mr. COLDWELL: I rise to ask this question of hon. gentlemen on the Liberal benches. Is this a sample of Liberal democracy?

Mr. RICHARD (Ottawa East): On a point of privilege, Mr. Speaker, the hon. member who has the floor asked us to go ahead with our remarks. That is his privilege, and we cannot be attacked for doing as we were asked.

Mr. SPEAKER: I would ask hon. members to observe the privileges which are extended to all hon. members of this house, including freedom of speech, and I ask that this privilege be extended to the hon. member who has the floor.

Mr. MATTHEWS (Kootenay East): This house has just voted down a motion to adjourn the debate. Therefore I am going to continue the debate.

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: Question.

Mr. MATTHEWS (Kootenay East): And if the hon. gentlemen on the other side want to keep this up until next Monday morning, I can stand it as long as they can.

Mr. SPEAKER: Order.

An hon. MEMBER: You have only forty minutes.

Mr. MATTHEWS (Kootenay East): I can stand for more than forty minutes, and it will not be the first time I have done so. I have not taken part in this debate previously, but I fully intend to exercise my right to do so for the definite reason that I represent the constituency of Kootenay East in British Columbia, a province which has suffered under the freight rates structure as much as if not more than any other province.

(Translation):

Mr. JEAN LESAGE (Montmagny-L'Islet): Mr. Speaker, I rise to a point of order. I certainly have the right, before the main motion is discussed, to say that I was paired with the hon. member for Kamloops (Mr. Fulton) and that had I voted, I would have voted against the motion.

(Text):

Some hon. MEMBERS: Answer the point of order.

Mr. MATTHEWS (Kootenay East): I have never posed as an expert on our freight rates structure, and I am not proposing to do so now; but living in the province of British Columbia, as I have for many years, I have always known of the inequality which existed and the fight which has been carried on for many years to remedy that situation. I have always coupled in my mind in connection with that struggle the names of two British Columbians.

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: Question.

Mr. MATTHEWS (Kootenay East): Thank you, Little Chicago. You will get your own dose back one of these days, and I will do my share of it. If you do not know what courtesy is, we on this side of the house can teach you.

The gentlemen to whom I refer, who have participated so splendidly in this fight in past years, are the late Senator McGeer and the hon. member for New Westminster (Mr. Reid). The late Senator McGeer was untiring in his efforts to obtain a better deal for the province of British Columbia; and I dare to think in my own mind that his interest in this problem went much deeper than the mere legal emolument he may have received for his services. Standing by his side year after year, tilting a brave lance, was the hon. member for New Westminster.

As I said a few moments ago, I am not an expert on this freight rate issue. but I do know something of the harmful effect this 21 per cent increase will have on the lives of the people of my constituency. In the Kootenays we produce huge quantities of goods and commodities: coal, lumber, ores, fruit, dairy produce and wheat. I am sure it would not hurt the house to learn that in my constituency, in the Creston valley area, lives Mrs. Amy Kelsey, who grew in that district wheat which won first prize at the Chicago exhibition and made her the wheat queen of North America.

When I speak of freight rates I am not speaking specifically for those larger producing interests, though naturally they are concerned over this 21 per cent increase. I am thinking particularly of the fruit growers of my constituency, the men who pack from two thousand to six or eight thousand boxes of fruit each season. These are the people who now are being over-burdened with this 21 per cent increase in freight rates; and I want to tell the members of this house that it does not matter whether these growers are Liberals, Conservatives, C.C.F. or what have you, every last one of them is opposed to this increase. I believe it has already been pointed out in this debate that this increase will cost the fruit growers of British Columbia, particularly the tree fruit growers, a round million dollars extra in distributive transportation costs.

I have been amused the last few days, believe it or not, at the eagerness with which hon. members on the government benches, who are not here now—and if it was the noisy crowd we can well do without them—have been calling for the vote. They have all been so eager to have the vote: "Question; question!" they yell, every time an opposition member gets up to speak. I would remind them that that eagerness stems from the time the party caucus was held immediately after the moving of the amendment to which we are now speaking. The press all across the country carried headlines, "Government Threatened". Then after getting something of the news which came out of the party caucus, and after hearing various members on the government benches speak their piece, members who might well have been expected to bolt on this issue, the press, after hearing them say that they would vote to sustain the government, began, of course, to change its tune. Then we began to see new headlines: "Government Weathers Storm".

I venture to point out there are times when even the press of this country makes mistakes. And I am not so sure that the government has weathered the storm. My message to the government is this. Just because you may win this vote, do not pat yourselves on the back. This storm is just beginning. Instead of patting yourselves on the back, my advice would be to prepare to meet the deluge—because you will have to meet it if these things go on.

I should like if I may to say a few words about what was said by the hon. member for Comox-Alberni (Mr. Gibson) who, I am sorry to say, is not in his seat this evening. Speaking in the house on Tuesday, April 20, as reported at page 3145 of *Hansard,* and referring to the C.C.F., he said:

> But there are hon. gentlemen of the cloth on the other side—my hon. friends have a number of them—and these hon. gentlemen should have told them that one of the oldest precepts in human relationships is that a man cannot serve two masters.

The implication being, I take it, that we of the C.C.F. group were trying to serve two masters, and that we were thereby inconsistent. Replying to that statement, may I say that in all my life I have never seen a more flagrant case of inconsistency than that exhibited by certain British Columbia members in connection with this particular issue. They themselves have expressed their feelings keenly. They have expressed the feelings of their province on this particular issue; and then, just to save their party from extinction and from being defeated they created a nice little fence for themselves, and then climbed on it, one after another. If that is not inconsistency, I should like to know what it is.

The hon. member for Comox-Alberni ventured into the realm of holy writ when he said: "No man can serve two masters", and so I am going to ask the privilege of reading briefly from holy writ. The hon. member may have learned that in Sunday School as a boy; he may have learned something about it at his mother's knee. I hope he did. But it will not help—

Mr. GRANT: What about freight rates?

Mr. MATTHEWS (Kootenay East): You will get freight rates by and by. But he may not have just remembered all the passage. Therefore I would read it, and tell him that the passage is found in the gospel of Saint Matthew, chapter 6, verse 24, which states:

> No man can serve two masters: for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon.

When I record my vote in this House of Commons against the 21 per cent increase in freight rates, I do so because I believe that in serving the people of my constituency who will be oppressed by this increase I am serving God. And if the hon. member for Comox-Alberni wants to go the opposite way, I have a perfect right to infer that he wants to serve mammon.

Mr. P. E. WRIGHT (Melfort): Mr. Speaker, it had not been my intention to take part in this debate; but since I have seen that the government did not want the debate adjourned, but wished to see it carried on for the rest of this evening at least, I thought it my duty to take part in it.

Coming from western Canada, where we are particularly interested in the recent increase, because of its effect on our basic industry out there, I felt that as a farmer representative in the house I should have something to say about it. The implementing of this 21 per cent increase without first removing the inimical and unjust freight rates structure is probably the worst feature of the present situation. It leads to discontent and to a feeling of rank injustice in a great many parts of our dominion. This is something which any government in Canada should try to avoid at all costs.

If the government had agreed to the postponement for six months of the implementation of this 21 per cent increase, until the matter had been placed before the board of transport commissioners, and some equalization in the freight rates structure of Canada agreed upon, I do not think there would have been the feeling that there is throughout Canada today with regard to it. I can assure hon. members of the Liberal party that they have not a majority in the country so far as the feeling of discrimination in connection with this matter is concerned. There are many people all across Canada who consider that the 21 per cent increase at this time is unjust. I believe that it is unjust, and that the railways are making a mistake. They spend large sums of money every year to create better relations with the public. I do not think they could have done anything which would have more impressed the public with their genuineness than by having asked that this 21 per cent increase be deferred until there had been an equalization of the freight rates structure. It would have been good business on the part of the railway companies to have made that suggestion, even though the government or the board of transport commissioners were prepared immediately to give the increase.

Many examples have been given of just what this 21 per cent increase means, especially as it affects small shippers. The discrimination is much greater as it applies to people in outlying areas who cannot collect their produce for large shipments. Figures were given here both by the hon. member for Selkirk (Mr. Bryce) and the hon. member for Wood Mountain (Mr. Argue) showing this discrimination as between large and small

shippers. This is particularly true with respect to eggs and cream. In many cases the increase is not 21 per cent, it is 50 and 100 per cent.

When the Minister of Transport (Mr. Chevrier) spoke he gave figures to indicate that these increases would mean only a small increase in the prices of butter, tea, coffee and other articles of consumption in Canada, but the figures he gave did not show the whole picture. The increase in the freight on these articles when moving into centres for distribution was not included in his figures. When you consider those increases you will find it amounts to as much as two or three cents more for a pound of butter.

Either the producer or the consumer must pay that increase. If the producer pays it, it means there is less spending power in the hands of the producer. If the consumer pays it, it means a higher cost of living in Canada. I do not think the government should be doing anything today to increase the cost of living. Surely they realize that that is something about which the people are today protesting right across Canada. They also are protesting the inflationary effects of this increase in the freight rates.

This increase of 21 per cent is pyramided two or three times before the article being shipped reaches the final producer or consumer. The minister did not given any examples of what this increase means in connection with prices of binders, tractors, farm machinery and all those things entering into the cost of production. The increase of 21 per cent means an increase of from $30 to $70 in the cost of many implements. That is not a small item at a time when prices have been increased several times during the last year or two.

This increase of 21 per cent in freight rates will be a serious blow to the livestock industry in western Canada. There is not only an increase of 21 per cent in the freight from the local point to Winnipeg; there will be a greater effect through the fact that the Winnipeg market will be lower in relationship to the eastern markets. Over a period of time the Winnipeg market price is based on the eastern price plus freight to eastern Canada. The Winnipeg market is generally that much lower and that increase will mean another general lowering of livestock prices in western Canada. That will be an important thing at a time when the Minister of Agriculture (Mr. Gardiner) is asking for more bacon and an increased production in our livestock and dairy industries. The government is passing legislation which will discourage that increase in production.

There will also be an increased demand from western Canada that the government absorb the freight on livestock shipped to the eastern markets. The government now pay the freight on coarse grains from the head of the lakes to eastern Canada, with which policy I agree, but if the government are prepared to do that they should be prepared to pay the freight on livestock and dairy products from western Canada to the eastern markets. As I say, this 21 per cent increase will mean more pressure on the government to do that very thing.

If the government pays the freight on coarse grains for the feeding of livestock it is only fair that the livestock producer in western Canada should have the freight paid on the products he ships to the eastern markets.

I should like to point out another example of discrimination not connected with agriculture. The freight rate on a cord of pulpwood shipped from a point ten miles from Hudson Bay Junction to Fort Frances is $2.90, whereas, when the same cord of wood is shipped to Churchill practically the same distance, the rate is $13 a cord or $212 a car. Recently there was a demand for poplar logs to be shipped through Churchill to Great Britain and Europe for the making of matches. When the exporters inquired about freight rates on logs going through Churchill they found this discriminatory freight rate structure, and the result was that it was impossible for them to take advantage of that market.

Where it cost $212 to ship a carload of pulpwood to Churchill it cost only $46.40 to ship the same car to Fort Frances, the same distance. What does the 21 per cent increase amount to in those cases? In the case of the car going to Churchill the increase amounts to $42, whereas in the case of the car going to Fort Frances it amounts to only $10. The increase is four times as large in the one case for a car travelling the same distance.

It is discrimination like that to which people object. It is impossible to develop industry in western Canada, for export markets for some of the things we can produce. Why accentuate that discrimination by a 21 per cent flat increase? It is absolute nonsense to talk of equality and equity when the government are prepared to go ahead and implement that type of increase before equalizing our freight rates. I do not think there would be much objection, and there certainly would

not be as much as there has been to the increase if the government had done something to remove these inequities.

I would say that from every point of view delay in implementing the increase was justified. From the point of view of better relationships between the railways and the public, and this is of particular importance to the railways themselves which have to meet competition today by road and air transport, and from the point of view of increasing the already high living costs in Canada, this 21 per cent freight rate increase is entirely unjustified at this time. Its pyramiding effect will increase the cost of living and be the cause of further inflation. I therefore submit that even at this late date the government should defer implementing this increase in freight rates until at least some equalization has been made in our freight rate structure, either by the board of transport commissioners or by some other body set up for that purpose.

Mr. J. O. PROBE (Regina City): Mr. Speaker, it was not my intention to take part in this debate on the amendment moved by the leader of the C.C.F. group on April 7 to the motion for the house to go into committee of supply, particularly in view of the excellent representations that have been made to the government, not necessarily from my own party alone or from any one party, but from all sides of the house. May I say that no plea was more eloquent than those that came from back-benchers from British Columbia and other parts of Canada, asking the government to reconsider implementing the 21 per cent freight rate increase which went into effect on April 5. I do not recall in my short parliamentary career any parallel to the speed with which the Liberals acted on the very day that the hon. member for Rosetown-Biggar (Mr. Coldwell) moved his amendment, asking the government to reconsider this matter and take action to prevent the proposed increases from coming into effect at this time. On that very day, as if by magic, because I do not suppose, not being familiar with how the governor in council operates, that an order in council can be back-dated, P.C. 1486 was passed. It simply states that the committee of the privy council, having given due consideration to the petitions and representations of the seven provinces of Canada other than Ontario and Quebec, had decided that it could not interfere with the board's order granting a 21 per cent increase in freight rates. It seems an anomaly to me that, under a federal system of government such as we have in Canada, when seven of a nine-member family have expressed their attitude in no uncertain terms and asked for additional time to have their case presented before the government—as a matter of fact they are to meet in Ottawa on Saturday next—the plea of the railway systems should outweigh with the government the expressed needs of the people of seven provinces of this dominion.

When you go back into history and read the story of how the railways came into being you realize that it was an epic of achievement. The credit should go, not to the shareholders of the Canadian Pacific Railway Company, but to the pioneers in this country who backed their confidence in it with their dollars, by gifts to the company, by loans, by bond guarantees, by tremendous grants of land particularly throughout our prairies and in British Columbia, by tax exemptions, by special concessions from governments, dominion, provincial and municipal, to make the Canadian Pacific railway the tie that bound Canada from coast to coast.

It is fallacious to think of the Canadian Pacific railway in any sense as a privately owned public utility. By some freak of financial strategy, shall we say, though some people might call it business acumen, a group of people banded themselves together as a corporation and extracted concessions from the public domain, with the result that a railway worth originally several tens or, at the most, several hundreds of millions of dollars expanded into a corporation with assets approaching several billions of dollars, all having been derived, not from the sinews of the shareholders of the company, but from the sweat and toil and tears of the people of our own country who worked and spent their money in paying the tolls extracted by the directors of the corporation.

When the railways which now form part of the Canadian National railway system failed following world war I, a charitable government took them over, not in the way that private enterprise usually takes over a bankrupt institution by paying as little as possible for it on the open market, but by providing most generously for the shareholders of the company that apparently could not run its own business successfully. When I think of those five per cent bonds which people in other lands are still holding in perpetuity, Mr. Speaker, not bonds with a date of termination at which time they are cancelled but a debt with which the people of Canada are forever saddled at five per cent interest—the coupon clippers are somewhere in the United States or in England, not even in Canada—then it makes me wonder why our people in the seven provinces, who have joined together in making their objection

to the dominion government on behalf of a reconsideration of the freight rate structure, have been as long suffering as they have.

In the report of the board of transport commissioners authorizing or concurring in a 21 per cent freight rate increase, the word "discrimination" often appears. The board admit that there is discrimination in rates as between the central provinces and the remaining portion of the Dominion of Canada. They say that there is evidence of discrimination but there is no evidence of unjust discrimination. One of the most amazing peculiarities of our English language is that of combining a pair of contradictory phrases. To me discrimination seems to be the ultimate. The board of transport commissioners, however, are willing to agree that discrimination exists in our freight rate structure, but they say it has not been shown to their satisfaction that that discrimination is unjust discrimination.

It has been mentioned in this debate that the comparatively sparsely settled sections of Canada, the prairie provinces, have contributed 65 per cent of the net revenues of the Canadian Pacific at a time when the more thickly populated sections of central Canada, with much greater traffic, have been able to contribute only 35 per cent of the net revenues of that railway company. The very fact that on a population basis we contributed from the prairies sixfold the profit to the railway companies that a more richly endowed Ontario and Quebec contributed, it seems to me, speaks for the callous disregard of the sense of public responsibility that a public utility ought to have. We in the west contributed equally if not more than eastern Canada toward the construction of the railway lines that cross this country. Should we go on in perpetuity paying disproportionate transportation costs because of the distance goods have to travel to get to our provinces? Must we go on paying on a mileage basis 15 per cent, as is stated to be the average in the differential between the rate in eastern Canada and that on the prairies, or in many cases running many times that, just because we have not the ballot power, shall I say, to cause the Minister of Transport (Mr. Chevrier) to adopt a more open-minded view with regard to justice for all parts of this federal union?

It was mentioned in the house today that if in my province of Saskatchewan there were fifteen, eighteen or twenty-one Liberal voices to plead with the caucus of the present government this situation might have been avoided. From the time that I cast my first ballot on the prairies this House of Commons was flooded with Liberal members from Saskatchewan, and from my earliest recollection of the political status of the House of Commons, with the heavy Liberal voting strength contributed by the province of Saskatchewan—

The ACTING SPEAKER (Mr. Golding): Order. I wish the hon. member would confine his remarks to the question before the house, namely, the increase in freight rates.

Mr. PROBE: I shall try to do that, Mr. Speaker. It seems to me that gradually we are getting a little more and more confined all the time if we attempt to make a point. It has been said—

Mr. ROSS (St. Paul's): On a question of privilege, Mr. Speaker, we are debating a motion to go into supply; therefore each hon. member can bring up anything he likes, it does not matter what, on this motion to go into supply. In other words, this is one time when an hon. member has the privilege of laying his grievances before the house. With all due deference to you, Mr. Speaker, I do not think your point is well taken.

The ACTING SPEAKER (Mr. Golding): What we are dealing with is the amendment moved by the leader of the C.C.F. party. That is what is before the house, and I would ask all hon. members to try to confine their remarks to that amendment.

Mr. ROSS (St. Paul's): Mr. Speaker—

The ACTING SPEAKER (Mr. Golding): Order. The hon. member for Regina City has the floor.

Mr. ROSS (St. Paul's): Mr. Speaker, I do not think your point is well taken.

The ACTING SPEAKER (Mr. Golding): Order. The hon. member for Regina City has the floor.

Mr. PROBE: Mr. Speaker, before I take my seat I want to thank the hon. member for St. Paul's for having put in a little plug which I think is very much overdue in this House of Commons.

In concluding what I have to say on the freight rates inequities in this country, may I say that for decades my province sent to this House of Commons members who sat on the benches behind the present Prime Minister of Canada (Mr. Mackenzie King). It took us a long time to get our eyes open to the fact that these people would vote for the party before they would vote for the needs of the people whom they represented. We sent the Prime Minister out of our province. He came to Prince Albert to seek a safe seat. He went out of that province, record or no record, because

his policies were not those which the prairie breed wanted or could understand. There are two members still in Saskatchewan who support that government.

Mr. GARDINER: There will be many more a little later on.

Mr. PROBE: It will not be long before they will be on their way too and the Minister of Agriculture will be one of the first to go.

Mr. DANIEL McIVOR (Fort William): I have not spoken in this debate, Mr. Speaker, and it has been going on for a long time; but to me the issue is clear. I have lived in the west a good deal, and I know perfectly well that there is a need for the equalization of freight rates. That instruction has been given to the board of transport commissioners and that equalization will be made just as soon as possible.

The other issue is, to me, also clear. I have been a strong advocate of increased pensions and increased pay for the workers. If these freight rates had not been increased, I would not have been a bit surprised if there had been a strike on the Canadian Pacific and the Canadian National. We talk about serving two masters. I do not know whether there is much difference between doing that and being on the horns of a dilemma. I think we must be fair. These workers on the Canadian Pacific, the Canadian National and other railroads have a right to consideration. Out of these increased freight rates they will get their share, and it is our duty to see that they do.

There is another thing I should like to say. When we come toward the end of a session, we often hear the criticism that not enough time is being spent on the estimates. I think if we cut down our speeches on freight rates we would have more time to spend on the estimates.

Mr. H. H. HATFIELD (Victoria-Carleton): I do not want to take up much time in this debate, Mr. Speaker. I think it has been carried on long enough. I am quite aware that we must have an increase in freight rates, but I want to see a fair increase. The other day the minister told us that he had a board of transport commissioners who were experts in the handling of freight rates. I want to tell this house that in Canada since July we have had an increase in freight rates of 10 per cent on all shipments to the United States. Before the United States interstate commerce commission authorized that increase, the railways of Canada were allowed to increase their freight rates, on the mileage haul over Canadian territory, by 10 per cent from July on, and by 20 per cent from October on. It costs $207 to carry a carload of potatoes from New Brunswick to Windsor, Ontario; and it costs $378 to carry it to Detroit, Michigan. That is $171 extra for carrying it across the river to Detroit. Does the minister call that fair? I call that discrimination of the worst kind, and I do not think he has many experts in the board of transport commissioners. They allowed the Canadian railways to charge the increase in freight rates that the United States railroads made before the interstate commerce commission even authorized it. I ask the minister: Is that not a fact?

Mr. CHEVRIER: Will the hon. gentleman permit me a question?

Mr. HATFIELD: Yes.

Mr. CHEVRIER: Does he know that the increase in the United States amounted to anywhere from 50 per cent to 60 per cent, whereas the increase in this country was 21 per cent only?

Mr. HATFIELD: The first increase in the United States was only 10 per cent. That was made in July.

An hon. MEMBER: What is it now?

Mr. HATFIELD: I do not know what it is now. It has been increasing ever since. It is not 51 per cent.

Mr. CHEVRIER: I said it was between 50 and 60 per cent.

Mr. HATFIELD: Do not tell me what it is. I am shipping goods to the United States every day. I know what the freight rates are in the United States. I know what the board of transport commissioners have allowed the railways of Canada to do. They have allowed them to increase the freight rates. What right had they to allow the increase in freight rates on potatoes that originated in Prince Edward Island and were hauled 1,200 to 1,500 miles across Canada to the United States? What right had they to allow an increase of 20 per cent before it was ever authorized? I want to ask the minister that question.

Mr. CHEVRIER: I will answer the question and tell the hon. gentleman that, with regard to domestic rates, there has been an increase of 21 per cent, which applies to potatoes as well as to any other commodity moving across Canada. If he is talking about international rates—that is, rates from one country to another—they were increased by the interstate commerce commission last year, and

the board did likewise. But with reference to domestic rates, the increase is 21 per cent and no more.

Mr. HATFIELD: Your board allowed this increase before the interstate commerce commission ever allowed it or ever gave authorization. The interstate commerce commission did not give any authority to increase freight rates in the United States until October. But your board allowed the Canadian railroads to make an increase in July.

The ACTING SPEAKER (Mr. Golding): Is the house ready for the question?

Mr. ROSS (St. Paul's): I have just one word to say to my hon. friends to my left—

The ACTING SPEAKER (Mr. Golding): Order. The hon. member for Cariboo.

Mr. WILLIAM IRVINE (Cariboo): I have unfortunately been engaged as a member of an important committee and have not had the privilege of saying anything on this important matter. I am glad that tonight I have an opportunity of at least appearing in the debate.

Before I begin I want to quote the amendment. I have noticed tonight that there have been a great number of calls to order; and I want to be in order when I begin, anyhow, even though I should never get to be in order again. So I shall read the amendment:

> That all the words after the word "that" to the end of the question be deleted and the following be substituted therefor:
>
> "this house is of the opinion that the failure of the government to defer the imposition of the increases in freight rates recently authorized by the board of transport commissioners is inimical to the best interests of the people of Canada; further this house is of the opinion that the government should reconsider this matter and take action to prevent the proposed increases from coming into effect at this time."

I would draw your attention, Mr. Speaker, in particular to one phrase in this amendment, and that is that the authorized increase is "inimical to the best interests of the people of Canada." I just want to say that I would have to wander quite a long piece before I got outside of what is inimical to the best interests of the people of this country; for when you come to consider the increase in freight rates in act or performance, if you like, which affects practically everything that people touch, handle or have to use in their everyday life, then you have wide latitude indeed.

Mr. CHEVRIER: Is the hon. gentleman quoting from the amendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell)?

Mr. IRVINE: Yes.

[Mr. Chevrier.]

Mr. CHEVRIER: I was under the impression he was not. Which amendment is the hon. gentleman quoting?

Mr. COLDWELL: The amendment I moved.

Mr. CHEVRIER: I am sorry; I should not have interrupted.

Mr. IRVINE: I was quoting from the amendment which is now before the house. I repeat that, since this amendment calls attention to the fact that the imposition of the 21 per cent increase in freight rates is inimical to the best interests of the people of Canada, that in itself opens up a wide field for discussion. If it were not that I am going to catch a train I should like very much tonight to take advantage of the breadth of that amendment and deal with some of the freight rates, not the inequalities but just how the increases will affect the poorer people. I imagine many speakers have already done that, but I should like very much to have done it over again, because I do not think we can tell the story too often.

Let me say at once that the mere increase in freight rates does not concern me, beyond this, that I believe our freight rates should be sufficient to carry the services the railways must give the people of this country. Everyone will admit at once that our railway system is indispensable. It must be made to run efficiently, in the interests of the economic system of the country; but, sir, in my opinion we could do that and still reduce freight rates in the west, because the basis upon which the freight rates have been struck is inequitable, unjustifiably so. I presume the board—it used to be the board of railway commissioners but its new baptismal name is the board of transport commissioners—in hearing the evidence of those opposed to the increase, came to its judgment on the basis of past practices. It appears to me that it never occurred to the board there was anything the matter with freight rates, that the only thing it had in mind was whether the rates were to be higher or lower, on the same basis as in the past.

I think that was a very careless way to consider the matter, but I repeat that I do not think the board is to blame. I think the blame must rest on this government and past governments. I believe those who first set up the board are also to blame. In my opinion the board was brought into being to protect the Canadian Pacific. I do not believe we would have had it at all had we not been forced to take over the bankrupt railways. Those railways were taken over, not because the government of that day loved public ownership or wanted to institute a great

national transportation system. They were taken over because they were bankrupt; the country was at war, and the services of the railways were required. Certain plans were made for running them; and one of the things that was to be understood from the beginning, apparently, was that nothing was to interfere with the supremacy of the Canadian Pacific; that if it should be found the Canadian National could haul more goods through the mountains or across the prairies with the same amount of power, or could travel faster and carry passengers to the coast in ten or twelve hours less time than the Canadian Pacific, then that was to be regarded as unfair competition. Therefore one of the duties of this board was to lay down the time schedules for passenger traffic.

Mr. DEPUTY SPEAKER: Order. I would remind the hon. member that the amendment before the house deals with freight rates, not passenger rates. I think he should confine his remarks to the question of freight rates.

Mr. IRVINE: If you will just give me a moment, sir, I think you will see that I am leading directly to the bull's-eye. If I must reveal my hand ahead of time, I am going to show that if by the actions or restrictions of a certain board the Canadian National is prevented from hauling more freight, because it has a better line, then it will require more money to have that freight carried in some other way and therefore the freight rate must be kept up in order to keep up the profits of the company that cannot haul freight as cheaply as the other line. Therefore I say to you, sir, that I am right within the ambit of the amendment, which states that such action is inimical to the interests of Canada.

Mr. ROSS (St. Paul's): The hon. gentleman is making some interesting statements, and I should like to ask him a question. In the first place, the railways must have more money; I think that is agreed. How are they to get it? Then I should like to ask the hon. member if he is in favour of the amalgamation of the two railways at the present time. In other words, is he in favour of the socialization of the Canadian Pacific, of having it taken over by the country in order to be able to do this job he is talking about?

Mr. IRVINE: My hon. friend has opened up an intriguing field by his question, but I am afraid I would be entirely out of order if I were to follow it up.

Mr. ROSS (St. Paul's): The hon. gentleman is beating about the bush. It is a very simple question and requires only a very simple answer. He should say yes or no, but he will not.

Mr. IRVINE: I have no doubt my hon. friend wants a very simple answer, but I am not a simpleton and I do not usually give simple answers unless I cannot avoid doing so. In this case I can. I am not going to answer a question of that kind, because it is outside the field of our discussion, and I have no desire to be called to order again by the Speaker.

Mr. ROSS (St. Paul's): Then the hon. member refuses to answer the question?

Mr. IRVINE: Oh, yes; there is not the slightest doubt about that. I am refusing to answer the question.

Before I was interrupted I was discussing the matter of the function of the board in regulating the supposed competition between the two railways. The fact of the matter is that they regulate it so that there is practically no competition. That leads to the need for higher freight rates.

Perhaps one of the most striking speeches made during this debate was that of the hon. member for New Westminster (Mr. Reid). I believe he gave some interesting data, and I would commend what he said to hon. members. I would also refer to the speech of the hon. member for Vegreville (Mr. Hlynka), who put on *Hansard* figures which I think it would be difficult for anyone to gainsay. May I sum up in a word or two what he said on this particular point? He went on to show, quoting the actual figures of the Canadian Pacific, that the population of the west was, I believe, a little less than a third of the entire population of the country; and yet, according to those figures, those people pay two-thirds of the revenues of that railway. I would ask the Minister of Transport to put that in his mind, and think about it. Then he will understand why it is that people who represent the west are aroused on a question of this kind. If it is desired to retain unity in this country and to prevent spiteful feeling and anger arising in one part of the country against another part, then this basic injustice must be removed. And we must take the opportunity now afforded to make this matter plain to the minister, to the government and to parliament itself.

The hon. member who spoke immediately preceding me made reference to the workers, that their wages were implicated, and that but for the granting of this increase a strike might have taken place. I hope the hon. member knows better than that. I think it has been made clear by the representatives of both railways, and by the representatives of the Canadian Pacific Railway Company in rebuttal that the rates of wages of employees

of the railways were not conditional upon the decision of the board with respect to this matter.

Let me say to the hon. member that we are not, by any means, opposing the increasing of wages. I would say for myself that I am not opposing the increase in freight rates as such, because, as I have said, I believe that we can increase freight rates sufficiently to carry the service and to reduce them west of the great lakes, provided that we find an equitable, honest and defensible basis upon which to strike our freight rates.

I am sorry I have to stop at this point, because this has been only an introduction to what I had wanted to say. I hope, however, that what I have said will be noticed by the administration. And since they are so anxious to cultivate free enterprise; since they are so married to the principle of competition, then I am asking that the Canadian National Railways be given their head; that there be no more curbing of those railways, that they be allowed to run freight as cheaply as they can run it, and to carry passengers as quickly and as cheaply as they can do so, and we shall very soon bring down freight rates.

Mr. ROSS (St. Paul's): Is the hon. member still refusing to answer my question? Will the hon. member answer my question now, yes or no?

Mr. DEPUTY SPEAKER: Order. May I draw the attention of the house to the fact that the subamendment, which dealt with the removal of inequalities and with discrimination in the Canadian freight rates structure, has been voted upon and disposed of. The house is now considering the amendment, which deals only with the question of deferring the imposition of the increases.

I do not wish to restrict the debate unduly, but it does seem to me that, after I do not know how many days—certainly at least four or five—of debate on this subject, we should now discuss the amendment, and not discuss too many questions which are not relevant to it.

I do not think that at this time a discussion of so-called inequalities and discriminations in the Canadian freight rates structure is in order. The question now is: Should this increase be deferred?

Mr. COLDWELL: Is not the amendment much wider than that? Does not the amendment declare that the putting into effect is inimical to the welfare of the people of Canada?

[Mr. Irvine.]

Mr. DEPUTY SPEAKER: I shall read the amendment. It states:

> This house is of the opinion that the failure of the government to defer the imposition of the increases in freight rates recently authorized by the board of transport commissioners is inimical to the best interests of the people of Canada; further this house is of the opinion that the government should reconsider this matter and take action to prevent the proposed increases from coming into effect at this time.

The subamendment, which was disposed of, referred to the question of inequalities and discrimination. The house has given its decision on that matter.

Mr. ALISTAIR STEWART (Winnipeg North): Mr. Speaker, on the last occasion I spoke in this debate I made out a case, satisfactory at least to myself and to many others, to show that the Canadian Pacific Railway Company had not made out a case for itself, on the facts before the board of transport commissioners, for any increase in freight rates. I intend to dilate on that tonight.

Obviously the Canadian Pacific has not made out a case for increased freight rates, and these freight rate increases should not have been given to it. I wish to quote here one of the basic fallacies which I find permeating this judgment of the board of transport commissioners. At page 10 they say:

> As earlier mentioned the present application of the railway association, which was made in October, 1946, was predicated upon declining operating revenues, and increasing operating expenses brought about by higher wage rates and increased costs of materials.

That assumption has been proven to be entirely wrong, and the facts of the matter are clearly before the people of Canada. Let us consider the situation as it exists this year.

The application is predicated upon the decline in operating revenues. Yet we find that the gross revenues for January and February of this year for the Canadian Pacific are something like $49,000,000 as compared with $44,000,000 last year, or an increase of about $5,000,000, or 10·8 per cent. It is true that operating expenses also increased. They were $49,442,000 in 1947, whereas last year they were $45,233,000. But operating expenses increased by only 9·3 per cent. So that we find that last year, whereas the Canadian Pacific in those two months made a loss of $839,000, this year their loss was reduced to $230,000. Obviously there is no case here for having increased freight rates on the basis of declining revenues, when the revenues are obviously increased.

Furthermore, as of April 10, carloadings have increased this year to 421,630 as compared with 410,379 last year. If the government is going to support the judgment of the board on the basis that we can expect declining revenues, then the government will find itself within the year in a most invidious position. Declining revenue suggests that there will be some economic recession. If there is to be economic recession there will be unemployment. Within a year we shall have an election; is the government going to the country on the basis that it expects unemployment? Certainly not. The government will go to the country on the basis of expected full employment. If such is the case, then we can expect that Canadian Pacific revenues will continue to increase.

I should like to return to some figures which I mentioned briefly on the last occasion on which I spoke and which are germane to the debate tonight. An allowance was granted to the Canadian Pacific by the board of transport commissioners for surplus and additions and betterments, totalling some $15,235,000. It is possible that the Canadian Pacific, having been freely awarded this additional surplus, will spend the money to buy better equipment. If they buy equipment they are going to depreciate it, which means that this asset will be charged twice against freight rates, and not just once.

We have the extraordinary position where the board and the government apparently agree that there should be allowed to the Canadian Pacific a total of $21,310,000 for dividends, $15,787,000 for fixed charges and $15,235,000 as an allowance for surplus, or a total of some $52,000,000. That is what the government and the board believe the Canadian Pacific should have to play about with after its expenses have been met. That includes dividends of five per cent to the ordinary shareholders. However, as I argued, out of this allowance for surplus it is possible that the ordinary shareholders may get another five per cent. But the board and the government do not include a total of $22,000,000 of other income which the Canadian Pacific is able to earn from investments. In other words, the position of the government is that they are quite content to see the Canadian Pacific in a position where it can possibly pay out dividends of as high as 20 per cent to its shareholders, while the people of Canada have to pay the shot.

It was brought out in evidence that, since their inception, United States railroads have earned approximately four per cent on their investment. I suggest that that percentage is quite large enough for the shareholders of the Canadian Pacific. If such is the case, then they do not need this great surplus which has been given to them. Among the arguments which were advanced before the board was a fantastic statement by the railway association of Canada that the railroad companies were in a unique and perilous position. I have already dealt with that.

We also had Mr. George Walker, vice-president of the Canadian Pacific Railway Company, stating that that company was in urgent need of financial aid. Then Mr. Liddy of the Canadian Pacific spoke of the company's perilous financial position. Mr. Crump referred to the critical financial position, while Mr. Unwin referred to the disquieting financial position. Again we find those words echoed by the chairman of the board of transport commissioners, and I quote from the judgment as follows:

> A close analysis of the current operating revenues of Canadian railways indicates that lower levels may, perhaps, reasonably be expected.

Of course that is an unmitigated example of soothsaying at its very worst. It has nothing whatsoever to do with the facts of the situation. As I say, the facts are infinitely better than one would suspect from this judgment which has been given to us. On the basis of those facts, I should like the minister to answer some questions which I am going to pose to him. It has been argued that the Canadian Pacific is in a difficult financial position, a perilous financial position and a unique position. I think "unique' is probably the proper word.

Does the minister deny for a moment the increase in operating revenue figures which I have presented to the house? Does he deny that since 1939, according to the Canadian Pacific balance sheet—the whole case for increased freight rates was based on that—the company has retired all its six per cent bonds, all its five per cent bonds and all its four and a half per cent bonds? Does that suggest that this railroad is in a perilous financial position?

Does the minister deny the excellent cash position of the Canadian Pacific in its last balance sheet, which showed cash of some $42,644,000. Does he deny that the Canadian Pacific owns dominion securities totalling $31,667,000? Does that indicate that this railroad is suffering from a critical financial position? If it does not, then why has it been given this quite unmerited increase in freight rates?

Does the minister deny that since 1939 the funded debt of the Canadian Pacific had been decreased by $153 million; that is, from $228 million to $75 million? Does that suggest an urgent need of financial aid? Does the minister deny that the Canadian Pacific has increased its reserves from $92 million to $380 million? Does he deny that its profit and loss balance in its balance sheet has increased from $141 million to $279 million? Does he deny that its working capital has been increased by $48 million over 1939? Do those figures suggest for a moment that the Canadian Pacific is in a perilous financial position, or that it is in a critical financial position?

Does the minister deny that the Canadian Pacific has in its balance sheet stock of the Consolidated Mining and Smelting Company shown at a book value of $8,412,000, whereas the market value today is in the neighbourhood of $150 million? Does the minister deny that that is an example of hidden reserves in the balance sheet of the Canadian Pacific Railway Company? Does the minister deny that from 1940 to 1946 the Canadian Pacific made expenditures on railroad property of $123 million? Does he deny that it invested in leased lines, out of funds from its corporate operations, $11,500,000? Does that suggest a disquieting financial position?

Does the minister deny that the Canadian Pacific made capital expenditure on steamships, hotels and communications of some $18,000,000 between 1940 and 1946? Does he deny that it invested in stocks and bonds of controlled and other companies and advanced to subsidiaries some $20,000,000 during those years? Does he deny that it spent out of its funds for organization of the Soo line some $7,000,000? Does the minister deny that it established a steamship replacement fund of $39,000,000 during those years? Is there any sign of a perilous financial position when one considers the reserves which have been created?

Does the minister deny that this company, which is in such straitened circumstances, paid out interest during those years totalling $150,000,000, and that it paid out in income and other taxes $120,000,000? Does the minister deny that this poverty-stricken corporation paid out in dividends over those years $91,000,000, or that it established a deferred maintenance reserve of $25,000,000? Now and again the vernacular is almost vulgar, but sometimes it is quite expressive. I intend to use the vernacular in this case and say that the Canadian Pacific is simply lousy with hidden reserves.

There can be no question about it at all, this company does not need the increase in freight rates which has been granted to it. There can be no question at all about its being able to pay quite easily, without any increase in freight rates, the wages which its employees demand and that it can continue to do so for another two years. There is no reason why this company could not pay out of its accumulated surplus and reserves the pensions which its employees need. But the company has no intention of doing that. All our attention must be concentrated entirely on freight rates. These increased freight rates are absolutely inequitable and unjust and I can see no reason or sense for their having been granted at all.

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, there have been so many little arguments back and forth tonight as to the subject matter of what we are speaking on that I do not want to get caught in one of those jams myself. I am a law-abiding citizen. I believe in law and order both in and out of this house, and I try to live by that.

I will read the amendment moved by my leader, which is in two parts.

Mr. BRUNELLE: Dispense.

Mr. BENTLEY: No, I will not dispense. I want to get this on the record so that I shall be sure that I do not stray from it. The first part of the amendment reads:

> this house is of the opinion that the failure of the government to defer the imposition of the increases in freight rates recently authorized by the board of transport commissioners is inimical to the best interests of the people of Canada . . .

That is the first part, and I propose, first, to endeavour to prove to the government and their side of the house that that is indeed the fact, that this measure is inimical to the best interests of the people of Canada. In endeavouring to produce evidence to prove my point, I shall show how generous the people of Canada have already been to the railway companies, and I hope that my evidence will be convincing enough to conjure up in the government some bowels of compassion for the ordinary everyday working citizen. Then, if I have time, after I have proved that point, I shall deal with the second part of the amendment, which reads:

> further this house is of the opinion that the government should reconsider this matter and take action to prevent the proposed increases from coming into effect at this time.

I shall endeavour to adduce arguments that will be, I hope, reasonably convincing to the government why they should undertake that.

In order to deal with the first part of the amendment and do what I said I would do, that is, show that the people of Canada have already been generous to the railway companies, I am going to quote from the public

accounts of the Dominion of Canada for the fiscal year ended March 31, 1947. In part III, at page 3, appears a "Statement of Assistance given to railways by the Dominion of Canada to March 31, 1947." If hon. members will listen carefully they will see that the people of Canada have already been very generous with both the railroads.

First, let me deal with the Canadian National, and in giving these figures I want to give the house some idea of the history of these railways, not what I have read in books but what I have learned from actual work in the railway and lumber camps in the building of the Grand Trunk Pacific through the mountains to Prince Rupert and the Transcontinental in northern Ontario; and from the point of view of one who has swung an axe or skinned a horse or driven the rivers, I think no one in the House of Commons has a closer knowledge of the building of the railways than I have. When I remember the things that went on, the graft and corruption by the contractors, Foley, Welsh and Stewart and the various subcontractors, it is easy to understand the tremendous capital overhead of the Canadian National, which I have already mentioned in another debate in this house.

When you remember wooden bridges, with 137 to 150 bents being built according to specifications—and I know something about the building of wooden bridges, Mr. Speaker—and then the whole gang of men having to come back within two months and cut down every single bent and eighteen inches off every pile in that bridge and lower every cap and make new guard rails simply because of carelessness in construction or because some lumber company wanted to sell piling that was a little longer than the specifications called for; when you remember that the approaches to many bridges cost many dollars more because of the extra yardage put in to make extra profits for contractors and subcontractors, and when you follow that right through, you begin to have some idea why the road is overcapitalized at the present time. When you go up through northern Ontario, north of Fort William by Sioux Lookout and in all that country where O'Brien, Fowler and McDougall had their contracts, and where trainload after trainload of gravel was dumped into almost bottomless muskeg, until finally it did hit the bottom and then came up and spread out for half a mile on each side, and when you consider that that was done when even in those days there were better ways of engineering, it is not surprising that the people of Canada had to make the gifts they did.

I mention these facts, Mr. Speaker, to prove my contention that the people of Canada have given enough in this way to the bondholders of the railways, and it is time now that the people of Canada got some protection themselves. I contend that the granting of this freight rate increase is inimical to the best interests of the people of Canada on these grounds. I could cite instance after instance. I could tell you about hacking ties with a broad axe for eight and nine and ten cents a tie, which were culled by the inspectors, and the culled ties were then put into the right of way for the rails to go on. I could give you instance after instance right down to the bootlegging of rotgut liquor if you want me to. Hon. gentlemen opposite who are grumbling never had a grub-hoe in their hands I suppose, and never used dynamite and could not run a wheelbarrow if it had directions written on the handle. I will try to finish my speech early enough for some of these hon. gentlemen on your right, Mr. Speaker, to get up and speak if they have any objection to what I am saying.

Mr. BRUNELLE: You are holding the book upside down.

Mr. BENTLEY: The hon. gentleman has inverted vision, which is evident from the way he acts. I would say to the hon. gentleman who thinks I am holding the book upside down that if he owned 5,728,192 acres of land, and that was given away to a railroad he would understand what I am talking about. If he owned one acre of land and anyone attempted to take it away from him we would soon hear from him. But 5,728,192 acres were given by the people of Canada to the Canadian National Railways, and a lot more to the Canadian Pacific. Let my hon. friend not forget that I am speaking first of the Canadian National. I am talking first about the poor relation, the little orphan that Canada owns. The favourite railroad, the railroad that runs Canada, the railroad that dictates government policy in transportation, the railroad that governs more in this country than it should govern outside of transportation is the Canadian Pacific, which I shall come to later.

Mr. GRANT: You are not there yet.

Mr. BENTLEY: I am referring to the Canadian National Railways, according to the government's book. I expect they will stand behind their own people, because I know they have many excellent accountants and gentlemen of that kind in their employ; I am sure they would not print figures that they did not have good reason to believe were true, and

I am positive that nobody on the government side, least of all the Minister of Transport (Mr. Chevrier) would permit inaccurate figures to be presented to the House of Commons and the public so that the newspapers could spread the news around, and the government would have to apologize later if it were wrong. In this instance the Canadian National Railways were getting 5,728,192 acres of land. Then they had great cash contributions. For instance, up to that time they had cash contributions of $44,179,077.92. I suppose the ninety-two cents were for stamps on the cheques.

Mr. SMITH (Calgary West): There were no stamps on cheques in those days.

Mr. BENTLEY: Well, this takes in all their history, and it is therefore likely that stamps were put on the cheques later on, which accounts for the ninety-two cents.

Mr. BRUNELLE: C.C.F. politics.

Mr. BENTLEY: My hon. friend said something about C.C.F. policy. If the hon. member could even understand the first-grade primer I would send him over some of the junior literature of the C.C.F., hoping that in time he would graduate into the higher classes and do as the attorney general of Saskatchewan suggests people have to do, think their way out of the old parties into the C.C.F. After he has done that and has proved his capabilities, we shall consider accepting him as a member. One of the first things he should learn to do is not to interrupt when better men than himself are speaking.

Then, Mr. Speaker, there were capital and construction expenditures given to the Canadian National Railways amounting to $377,615,604, a nice little chunk of money.

Then there were deficits and operating expenditures paid to them of $498,454,289. The total of these amounts is $920,248,971.

The next column shows amount repaid, transferred or discharged. No figures appear in that column. Therefore they have neither repaid, transferred nor discharged any of that debt.

Mr. BRUNELLE: You have not said anything about freight rates yet.

Mr. BENTLEY: My poor friend over there still cannot understand. I pointed out at the start that I was going to show why the increase in freight rates is inimical to the people of Canada, and to do that I was going to show that the people had already made great contributions; that any more contributions are greater than they should bear, and therefore inimical. That is the argument I am making.

[Mr. Bentley.]

I made that statement at the start. I wish the hon. member over there would sit up and listen.

Mr. SMITH (Calgary West): May I ask one question to keep the record straight? These amounts had to do with the Canadian Northern, had they not, not the Canadian National?

Mr. BENTLEY: Yes, the Canadian Northern and all the allied companies that went into making up what is known at the present time as the Canadian National. I have not yet reached the Canadian Pacific.

Mr. SMITH (Calgary West): These were not Canadian Northern figures.

Mr. BENTLEY: No. This is a statement of assistance given up to March 31, 1947; therefore it will include all the railroads that went to make up the present system.

Mr. SMITH (Calgary West): Plus the deficits.

Mr. GARDINER: The Canadian Northern was in the muskegs, too.

Mr. BENTLEY: Yes, and we allowed the contractors to retire with handsome profits.

Some hon. MEMBERS: Old age pensions!

Mr. BENTLEY: Very handsome profits, which we are now in the process of guaranteeing in perpetuity to the heirs, successors and assigns until both the minister and I are pushing up brown-eyed Susans on the prairies.

An hon. MEMBER: The minister will not be out there.

Mr. BENTLEY: However, Mr. Speaker, I want to get to the third column in this book, because this is the amount written off. This is one of the straight gifts of the Canadian people. The amount written off was the whole $44,179,077.92 of cash subsidies, and the total amount of deficits and operating expenditures of $498,454,367. Then there were loans. Loans are assumed to be something that you get back eventually. Unfortunately I have a few small loans like that, that I am not optimistic about, but that is the hope we have when we make a loan. Of course, when we borrow we hope we shall not have to pay the loan back, but if we are private citizens we usually have to, but not if we are a railway. If we are a railway under the government's wing we are pretty sure that we shall be forgiven some of our financial trespasses.

There were loans for capital expenditures and deficits of $733,592,151. There were loans for betterments of and repairs to railway equipment, no doubt getting new brass handles on

the diningroom car doors and things like that, of $1,183,592. Then railway equipment purchased and sold to the railway, under a hire-purchase agreement, of $91,872,555. I am omitting all cents here because there is not much sense in this whole matter when we come to look it over.

Some hon. MEMBERS: Hear, hear.

Mr. BENTLEY: These are plain gifts of public money without any good reason behind it, and it does not make sense.

Mr. SMITH (Calgary West): Will the hon. member permit one question? I am very much interested in these figures. These loans were all government operations; in other words, socializing the railways. That is it, is it not?

Mr. BENTLEY: Mr. Speaker, I should like to deal with that question, and I could very extensively, but I know Your Honour would not permit me to get outside of the place that I prescribed for myself tonight. I do not want to incur the wrath of Your Honour, because you have always been good to me and I propose to treat you with the respect that you deserve; therefore I cannot answer my hon. friend now.

Mr. SMITH (Calgary West): You cannot.

Mr. BENTLEY: I can answer it, but I will not answer it at the present time; I will put it that way.

There were temporary loans and advances, including loans made in connection with the government's relief program, of $1,391,388,526. The amount repaid, transferred or discharged amounts to $911,940,510, and the amount written off is $263,456,953, a nice little gift paid to bondholders who, generally speaking, in this day and age do nothing to earn any of that at all, and are simply the heirs or successors of the people of the past. There is a considerable amount of that sum outstanding, over a billion dollars.

We then come down to the guarantees, loans guaranteed as to principal and interest by the dominion government, $1,314,515,436, and loans guaranteed as to interest only by the dominion government $216,207,141, or a total of $1,530,722,578, of which amount there was repaid, transferred or discharged, $995,307,235. The balance outstanding amounts to $535,415,342.

Then we have sundry assistance. Usually, when you are secretary of a small concern like an agricultural society, a co-operative association or something of that kind, when you make your financial statement at the end of the year you have a few little expenditures which are shown; maybe $2.75 or even $10.15. You put them in as sundries because they may represent teaspoons that were lost when you had your annual meeting with a banquet or something of that sort. But when you get sundries to the extent of $58,358,242, that is a sizeable piece of coin to give away.

Mr. KNOWLES: Some teaspoon.

Mr. SPEAKER: Order. I suppose the remarks made just now by the hon. member who has the floor are for the purpose of proving that we should have an increase in freight rates, although I am not so sure about that.

Mr. BENTLEY: You are correct in that supposition, Mr. Speaker. I am trying to prove that the increase is inimical to the best interests of the people of Canada; and as I stated before, in trying to prove my case I wanted to show that the people of Canada had already been generous enough with the railway companies and the bondholders of the railway companies and that there should be no further call for another $71,000,000 increase; that is the sum which the increased freight rates will amount to, so I am told. That is the point I am trying to make. As I said, by a recital of these tremendous figures I was hoping that I could arouse the compassion of some of my honourable and good-natured looking friends who sit on the treasury benches.

Mr. McCANN: But you failed.

Mr. BRUNELLE: You missed.

Mr. BENTLEY: That was my purpose anyway in doing that.

I now want to come to the Canadian Pacific Railway Company. It has had most generous treatment. I want to point out that I support the things which were said by the hon. member for Cariboo (Mr. Irvine) when he was here. The Canadian Pacific has had entirely too much influence on the operation of the Canadian National all through the picture, both when the Canadian National was privately owned and since it has become a government institution. I think that is a regrettable situation.

When the Canadian Pacific was being built, we know there was difficulty, and we understand that there was a good deal of risk-capital involved. We know they were to go across what at that time were empty, or practically empty, prairies; and no one knew for sure that they would actually be productive. In order to recompense them to some extent—in fact, to recompense them to quite an extent—they were made a gift of 32,848,477 acres of land, according to this statement. With that they were given the mineral rights in a tremendous amount, if not all those acres, some of which mineral rights they have used to convert into tremendous wealth

for the Canadian Pacific shareholders. This does not appear in the financial statement of the railroad and is not used, so far as I know, in paying the operating costs. Nevertheless the gift was made to them to recompense them for the risk they were taking in going across that wild country, as it was at that time.

It would appear that the government should accept this argument, that this railway company, having been given all those gifts, from there on should be subject to competition from any other transportation company which may appear on the scene. But instead of that, we have found that, in spite of the gifts to the Canadian National and in spite of the gifts to the Canadian Pacific, both of them now want to gouge the public more and more, instead of getting down to a basis of proving which one can operate most economically and most successfully in the interests of the Canadian people and still take care of their capital costs, pay decent wages and provide proper working conditions for the people who work on them.

Time does not allow me to go much farther with that particular part of my argument.

Some hon. MEMBERS: Go ahead.

Mr. BENTLEY: I could give a great deal more along that line.

Some hon. MEMBERS: Go ahead.

Mr. BENTLEY: I am simply trying to get the government to see the point of view that we have, that there is no excuse for their allowing the railways such a gift as that.

Mr. GRANT: You are not going to blame the rest for that.

Mr. BENTLEY: I am trying to prove my point. The hon. member for Kings (Mr. Grant) can have his fun with the Tory member for Queens (Mr. McLure) at some other time. I think I have already brought forward some fairly substantial evidence to support my point.

I want now to turn to the second part of the amendment which reads:

> . . . further this house is of the opinion that the government should reconsider this matter and take action to prevent the proposed increases from coming into effect at this time.

There is only one appeal which a person can make to a body of people in authority for something of that kind. One must appeal to their reason and their generosity. I want to remind this government that, aside entirely from partisan political considerations, they have enjoyed—even from those who do not support them politically—loyal support in Canadian policies from the people across this country. Right through the war they did not ask a thing from us that we were not prepared to give. It is true that we exercised our democratic right of opposing them on the platform and in other ways, when we thought they were wrong. But they were the governing body, and when they said that something should be done, we loyally supported them. That goes for the people from Halifax to Vancouver. To people who have been as loyal as that, and who have the nature to continue to be as loyal as that, no matter who governs this country, it seems to me that the government should give consideration with regard to their needs and desires.

Outside of the places where this increase in freight rates will not be effective because of other factors which enter into the matter, a great many Canadian people will suffer seriously in the operation of their businesses, in the maintenance of their homes, and in all the ways whereby the extra freight rate they will have to pay will affect them when they go to buy the goods and services they require in order to carry on. Is there not some little place in the mind of the government where a little sympathy can edge its way in, gradually expand and grow to a nice big, green tree; not a weeping willow but a tree that will provide shade and comfort for the people of Canada along those lines.

As I say, one can produce piles of evidence to support the statement I made that this is inimical to the people of Canada. But I can use only the argument I have just used in order to try to convince the government that they should at this time reconsider this matter and take action to prevent these proposed increases from coming into effect at this time. If they will do that, they will earn the gratitude of many people in this country. If they do not, they will earn something else; and they will certainly get it.

Mr. E. G. McCULLOUGH (Assiniboia): The debate, Mr. Speaker, has taken a serious turn this evening.

Some hon. MEMBERS: Oh, oh.

Mr. McCULLOUGH (Assiniboia): I wish to bring to the attention of hon. members the points I want to make. In the first place, I should like to have had more time to put on record some additional arguments for the necessity of a serious consideration of the judgment handed down by the board of transport commissioners. I know among this group there are members who would like strongly to urge the government to reconsider its refusal

to delay the imposition of the new schedules until the seven provincial premiers have had an opportunity to make their recommendations to the government. When the judgment was handed down by the transport board the Premier of Saskatchewan, Hon. T. C. Douglas, made a public statement in which he said the seven premiers would be lodging a petition to the federal government under section 52(1) of the Railway Act, and I say the action we have witnessed is anti-democratic and certainly shows a cynical disregard for the wishes of the provincial premiers. This is a definite slap in the face to these gentlemen who want to come here and lay their case before the government.

Hon. members from this side who have spoken, and many from the other side, have put on record figures showing clearly that the Canadian Pacific has a surplus this year, and that only the possibility of poor business in future years can justify the additional revenue the increase will give them. Neither I nor any other member of this group would protest increased freight rates as such. We say if it can be shown that the railways need the increases then we are ready to agree to them, but we do not want them imposed in addition to the inequalities which already exist under the freight rate tariff. It has been stated that if the railways were not given these new rates and the larger profits it would mean a general strike of railway employees across this country. That is completely ridiculous. I want to read a statement made by the railways to the board of conciliation in the current wage dispute:

> Any relief provided by way of increased rates will not be available for increase of extra costs for the future—such as increased wages—only those up to October, 1946, will be covered.

That should settle that argument.

Getting back to the point I was trying to make, I feel that men who have been elected to parliament do not represent only their particular constituencies but are representatives of the people of Canada, trying to carry out the wishes of those people in order that we may have better relationships, so that our dominion may grow in stature and we may improve the conditions of our people. Last Monday the Minister of Transport (Mr. Chevrier) told the members of the Tory party that if the debate could not be concluded by six o'clock the government would adjourn it and take up another matter so that the vote would not be taken that evening. If the Minister of Transport and the Minister of Agriculture (Mr. Gardiner) had co-operated in the same way with this group there would not have been the necessity of carrying on this debate. However I feel that we have served the people, and my hon. friends opposite who are making so much noise can answer to the people. I believe we have a democratic right to carry on this debate in an effort to see that the decision of the transport board is not allowed to remain in effect. The Premier of Saskatchewan said if these rates were allowed to go into operation they would bring chaos, and that if the decision were reversed later, after representations had been made, a great deal of confusion would result. That is what has happened; and, as I said before, I think the action taken by the government was a slap in the face to the seven provincial premiers who are coming here on April 24 to meet the cabinet. In the past these same premiers have co-operated with the government at interprovincial conferences, and I think they should have been shown a little courtesy.

Mr. A. M. NICHOLSON (Mackenzie): Since I had an opportunity to discuss this matter in the house a few days ago, I have received from my constituency telegrams and resolutions which indicate that the people of western Canada will not accept the increase in freight rates without protest.

I find that the judgment of the board of transport commissioners sets out that the rates in the standard and special freight tariffs may be increased by 21 per cent. We find the word "may" appearing throughout the judgment, apparently leaving it to the railway companies to decide whether the increase shall be put into effect in some parts of the country and not in others. I have been told of the increase the poultry producers in Saskatchewan have been compelled to pay. Previously I understand that they enjoyed a rate of thirty-five cents for a thirty-dozen crate of eggs, and that this rate has now been increased to seventy-five cents.

I move the adjournment of the debate, Mr. Speaker.

On motion of Mr. Nicholson the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. GRAYDON: What will be the business tomorrow?

Mr. CHEVRIER: Tomorrow we hope to deal with the motion of the Minister of Agriculture for second reading of Bill No. 204, to amend the Prairie Farm Assistance Act. Then we should like to go into committee of the whole on the Unemployment Insurance Act. Then we shall take up the Dominion

Elections Act, and any other items on the order paper not yet disposed of. We had hoped to be able to go into supply in the Department of Agriculture, and in the Department of External Affairs on Monday next, but unfortunately that has not been possible.

Mr. GRAYDON: Will the minister give any indication as to when the freight rates debate will go on?

Mr. CHEVRIER: Not at this time.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, April 23, 1948

The house met at three o'clock.

PRIVILEGE

REFERENCE TO REMARKS IN DEBATE ON APRIL 22

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker, last night as recorded in *Hansard* at page 3249 I am reported as having said, "You are correct in that supposition, Mr. Speaker". This was in reply to an interjection from Your Honour which I misunderstood. I thought you had said that my remarks at that point were for the purpose of proving that we should not have an increase in freight rates. It was this supposition with which I agreed. The word "not" does not appear in the report of what you said; hence my question of privilege to make it perfectly clear.

REPORTS OF COMMITTEES

Fourth report of standing committee on banking and commerce.—Mr. Marquis.

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS—CONCURRENCE IN FIRST REPORT

Right Hon. J. L. ILSLEY (Minister of Justice) presented the first report of the special joint committee on human rights and fundamental freedoms, and moved that the report be concurred in.

Motion agreed to.

PARLIAMENTARY ASSISTANTS

VETERANS AFFAIRS: RESIGNATION OF MR. TUCKER—FISHERIES: APPOINTMENT OF MR. REID

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to inform the house that the hon. member for Rosthern, Mr. Walter Tucker, parliamentary assistant to the Minister of Veterans Affairs, has tendered his resignation as a parliamentary assistant, and that his resignation has been accepted by the government. In making this announcement I should like to say how much my colleagues and I have appreciated the splendid services rendered the government, the house, and particularly the war veterans, by the hon. member for Rosthern during the time he held the position of parliamentary assistant, and with what sincere regret his resignation has been accepted.

I would also inform the house that the hon. member for New Westminster (Mr. Reid) has been appointed parliamentary assistant to the Minister of Fisheries, an appointment which I am sure will be received with general approval by hon. members.

Mr. GRAYDON: May I ask the Prime Minister whether there were any special or immediate circumstances which dictated the change in connection with the office of the parliamentary assistant to the Minister of Veterans Affairs?

Mr. MACKENZIE KING: Nothing except what seemed appropriate in the circumstances.

IMMIGRATION

ARRANGEMENTS WITH T.C.A. FOR TRANSPORTATION FROM THE UNITED KINGDOM

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): Mr. Speaker, I am glad to be able to inform the house that the government has effected an arrangement with Trans-Canada Air Lines for the charter of planes to bring immigrants from the United Kingdom to Canada.

This arrangement will provide facilities for the transportation of 10,000 immigrants from the United Kingdom before the end of the present fiscal year. Initial destination on this side will be Montreal and Toronto.

In order to provide for this increased movement by air, existing Canadian immigration staffs in the United Kingdom will be further expanded. Arrangements will be made at the immigration offices to assist prospective immigrants to obtain necessary documentation and travel facilities, and specially trained officers will be available to provide full information about conditions in Canada and to assist the prospective immigrant in preparing for settlement in this country. Priority of passage will be given to persons with assured employment awaiting them in Canada.

Officers of the Labour Department will be stationed in the immigration offices to advise intending immigrants as to prospects for employment, and, when practicable, to arrange definite placement in Canadian jobs prior to the immigrant's departure from the United Kingdom.

The offices of the immigration branch in London are being transferred to more spacious

quarters, and a new office is to be opened in Glasgow within the next ten days. A third office will be opened in Liverpool before the 1st of July, and it is hoped that an office can be established in Belfast shortly thereafter.

It has been agreed by Trans-Canada Air Lines that experienced staffs and facilities of that organization will be made available for making the necessary arrangements to schedule the dispatch of immigrants when the necessary medical and civil examinations are completed, thus permitting of every possible facility to aid the immigrant desirous of taking advantage of this mode of travel.

It is considered that the new arrangement with T.C.A., together with considerably increased steamship facilities now available as a result of government action, will go a long way towards overcoming the serious shortage of immigrant transportation from the British isles which previously existed.

In addition to the arrangements which I have just announced in connection with the transportation of immigrants by air from the United Kingdom, I am glad to be able to inform the house that the government has decided to increase from 20,000 to 30,000 the number of displaced persons, not otherwise admissible, who will be allowed to enter this country for permanent residence. As has been previously indicated, the displaced persons who are admitted to Canada under the present program will be counted against any quota that this country may eventually accept as a result of an international agreement designed to solve the displaced persons problem.

It is perhaps worth reminding the house that Canada was not only the first non-European country to take independent action to admit displaced persons who are not otherwise admissible, but that this country has admitted more displaced persons, on the grounds that they were displaced persons, than all other non-European countries combined.

The United States Congress is now giving consideration to the possibility of admitting a considerable number of these people. Up to the present none have been admitted to the United States as displaced persons, although some thousands have been given entry under their national quotas.

The total number of displaced person arrivals in Canada as at the 15th of April was 15,410. This is a record of which I believe we have a right to be proud.

As has been the case from the beginning, the displaced persons who will be admitted to Canada will be very carefully screened by the Canadian teams which have been established in Europe for this purpose.

[Mr. MacKinnon.]

Mr. GRAYDON: I should like to ask the acting minister a question arising out of his statement with respect to the immigration plan. How far does the United Kingdom plan go toward carrying out without interruption the highly successful airborne immigration scheme which was originated by Premier George Drew?

Mr. KNOWLES: There would not be an election on, would there?

Mr. GRAYDON: Not so far as you are concerned in Ontario.

Mr. MacKINNON: A number of prospective settlers in Canada from the British isles had bought and paid for passage under the scheme referred to by the hon. member for Peel. It is not possible to bring them to Canada under that scheme now, but our arrangement will bring them to Canada.

Mr. GRAYDON: Has there been any consultation between this government and the Ontario government so that the number of immigrants coming into Ontario will not be substantially decreased?

Mr. KNOWLES: Drew does not come to Ottawa.

Mr. GRAYDON: You do not get any members there either.

Mr. MacKINNON: The scheme to bring these immigrants to Canada is a dominion scheme, and it is in connection with such that I have made my announcement.

Mr. GRAYDON: That means that you have not consulted with the Drew government at all?

Mr. ISNOR: Following the statement made by the Acting Minister of Mines and Resources, I should like to ask if there has been any change in the landing regulations covering immigrants coming to Canada. I understand that the former arrangement was that they would land at Halifax, but now it appears that they are going to be landed at Montreal.

An hon. MEMBER: That is still in Canada.

Mr. MacKINNON: I stated that the main points for airborne traffic would be Montreal and Toronto, but I might add that that does not mean that the immigrant must carry on to Montreal or to Toronto or stop at Montreal or Toronto. The scheme is liquid enough to carry these immigrants on to their destination.

An hon. MEMBER: It is a Canadian scheme.

Mr. MacKINNON: It is a Canadian scheme.

Mr. McIVOR: I appreciate the minister's statement that immigration offices will be opened in Belfast. That will certainly improve the standard of immigration from other parts of the British empire.

Mr. ISNOR: When I asked about the change in landing regulations, I was referring to movement by steamship.

Mr. MacKINNON: There has been no change in those arrangements. As a matter of fact we are arranging for increased numbers of immigrants to come by ship.

Mr. ISNOR: To Halifax?

[*Later:*]

On the orders of the day:

Mr. C. W. HODGSON (Victoria, Ont.): Can the Acting Minister of Mines and Resources tell the house how many immigrants other than displaced persons entered Canada in 1946 or 1947 or since the war?

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): As it will be necessary to get the figures, I will take the question as notice, but I would prefer that it be put on the order paper.

Mr. MERRITT: May I ask the minister how much it will cost for passage by air for immigrants under the dominion scheme?

Mr. MacKINNON: I have not the figures before me, but I believe that the cost to the immigrant is approximately the same as under previous schemes.

FLOOD CONDITIONS

LONG BRANCH AND TORONTO ISLAND—QUESTION OF JURISDICTION

Mr. DOUGLAS G. ROSS (St. Paul's): A request has been made by the board of trade of the city of Toronto to all hon. members to come to our city. They will all be coming to my riding and I want to welcome them.

Mr. SPEAKER: Order. Has the hon. member a question to ask in connection with the statement which was just made?

Mr. ROSS (St. Paul's): I want to know whether the Minister of Public Works (Mr. Fournier) will be there tomorrow so that he will be able to see what damage has been done by floods in that area.

Mr. SPEAKER: Order. I must call the attention of the hon. member to the fact that we have not reached the orders of the day.

[*Later:*]

On the orders of the day:

Mr. DOUGLAS G. ROSS (St. Paul's): I wonder if I might have an answer from the Minister of Public Works to the question I asked him yesterday with respect to the floods at Long Branch and Toronto Island. Who has jurisdiction in this matter? I would like to know so that we can get something done.

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, I am quite embarrassed to answer the questions put by the hon. member. There seems to be a competition between the two members from Toronto concerning flood damages in their district. Yesterday the hon. member for Broadview (Mr. Church) gave notice of the following question to come up on Monday:

> Regarding the great damage to the federal Department of Public Works breakwater at Wards to Centre Island, Toronto Island, has the district engineer of the department yet reported on this, and what action is being taken to remedy the damage?

This question will appear on Monday's order paper and I shall try to give a joint answer to it and the question asked by the hon. member for St. Paul's (Mr. Ross).

Mr. ROSS (St. Paul's): If I may ask a supplementary question, it seems to me the Minister of Public Works ought to know something about it already, because I asked him yesterday under whose jurisdiction this matter came. That is all I want to know. We want to get busy and get the thing fixed.

PENITENTIARY ACT

INSPECTION OF PENAL INSTITUTIONS BY GRAND JURY AND MEMBERS OF PARLIAMENT

Mr. T. L. CHURCH (Broadview) moved for leave to introduce Bill No. 206, to amend the Penitentiary Act, 1939.

Some hon. MEMBERS: Explain.

Mr. CHURCH: It was one of the cardinal principles of Magna Carta that the people should have a large share in the administration of criminal justice. These institutions, whether rightly or wrongly, are managed by officers of the crown and nobody can visit them except officers of the crown. The bill would give jurisdiction to the grand jury and to members of parliament to visit them, to examine into complaints made, and make presentments without expense to the country. Another amendment is intended to meet the cases which occasionally arise of urgent requests of relatives of prisoners for permission

to visit a dying parent or dependents. A recent case evoked wide sympathy. The last section of the bill provides that no person under nineteen years of age shall be admitted by any warden to or be confined in any penitentiary or other penal institution. Very strong representations have been made in this regard by some of the judges. These youths should be taken care of by the provinces.

Motion agreed to and bill read the first time.

CRIMINAL CODE

PROVISIONS RESPECTING PISTOLS, MOTOR CARS, LEVEL CROSSINGS AND PAYMENT OF FINES

Mr. T. L. CHURCH (Broadview) moved for leave to introduce Bill No. 207, to amend the criminal code (pistols, motor vehicles, level crossings and the payment of fines).

Mr. COLDWELL: Explain.

Mr. CHURCH: Mr. Speaker, I have waited until the sixty-ninth day of this session for the government to introduce such a bill. The marginal notes explain the various sections. The purpose of the amendments in sections 1 and 2 of the bill is to make it an offence to point, or use in a hold-up, not only an ordinary firearm but a pistol, or anything in the shape, form or size of a pistol.

The appalling fatal accidents and injuries from highway traffic and level crossings in Canada is mounting steadily and has become a public scandal. Almost every highway is coloured red with the slaughter. Nothing is done to avert these accidents as the mad race for speed goes on. Casualties from such accidents, and from drowning and fires in homes, are almost as numerous as those from the second world war in persons so killed or injured. The amendment would increase the penalty from "a fine not exceeding one thousand dollars and costs or to imprisonment for a term not exceeding six months" to a term of "not less than six months and not exceeding twelve months", without the option of a fine, and to "seizure and forfeiture" of the driver's car.

Section 4 deals with driving a motor vehicle while under the influence of alcohol or narcotics.

Section 5 deals with hit-and-run drivers, who are responsible for the most cowardly form of murder in Canada.

Section 10 provides that the jury in motor car accidents shall decide the question of fact as to whether the accused is guilty or not guilty on the evidence adduced. On the trial by jury of persons who cause death or serious injury, it is desirable that the functions of the jury should not be curtailed or abolished. There has been much criticism of many cases of gross negligence having been taken from the jury. The jury are required to take the law to be what the judge says it is, and, owing to the many cases withdrawn by order of the judge, trial by jury in those cases is negatived, and there are so many loopholes that many persons guilty of gross negligence get off. The increased number of accidents requires that the law should be brought up to date to meet the changing conditions, while preserving also the liberty of the subject.

Section 11 deals with the payment of fines by instalments. Many people on relief and out of work, or on part time, cannot pay their fines and have to go to jail—many of them first offenders with families, and some of them returned soldiers—which is another way of imposing imprisonment for debt. The Summary Offenders Act of fifteen years ago in Great Britain allowed time for the payment of fines, and it has closed half the jails in Britain. I would commend this provision to the study of hon. members. Law reform is a dead letter in Canada. We are miles behind Britain in law reform.

Motion agreed to and bill read the first time.

ST. GEORGE'S DAY

BRITAIN'S CONTRIBUTION TO LIBERTY AND CIVILIZATION—THEIR MAJESTIES' 25TH WEDDING ANNIVERSARY

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I would call the attention of the Prime Minister to the fact that today, the 23rd of April, is St. George's day. I thought that the leaders of the house might pause and pay tribute to England and to its patron saint, St. George, who slew the dragon.

Britain has stood like the Rock of Ages in these troublesome days, and next to the Christian church has done more for freedom, liberty and civilization than any other agency. We should remember at this hour:

> Except the Lord build the house, they labour in vain that build it: except the Lord keep the city, the watchman waketh but in vain.

I suggest that the leaders make some reply and that we sing God Save the King, the national anthem.

In the second place, this week end is the twenty-fifth anniversary of the marriage of Their Gracious Majesties the King and Queen, who were given such a tremendous reception in Canada in 1939, shortly before the second world war. A month ago I asked if some

recognition should not be made of this event, and the Prime Minister replied that appropriate action was being considered. I should like to know what is to be done.

VETERANS AFFAIRS

DISPOSITION OF BUILDINGS AT KIRKFIELD PARK, MANITOBA

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of Veterans Affairs whether he is yet in a position to state what use or disposition is to be made of the buildings at Kirkfield Park, Manitoba, which were built under the jurisdiction of his department

Hon. MILTON F. GREGG (Minister of Veterans Affairs): Matters relating to this question are now under discussion. A decision has not yet been reached, but will be I hope before long, and then I shall attempt to answer the hon. gentleman's question.

PRAIRIE FARM ASSISTANCE ACT

AREAS SURVEYED AS SETTLEMENT OR RIVER LOTS—LAND IN ELIGIBLE AND INELIGIBLE TOWNSHIPS

The house resumed from Tuesday, April 20, consideration of the motion of Mr. Gardiner for the second reading of Bill No. 204, to amend the Prairie Farm Assistance Act, 1939.

Mr. E. G. McCULLOUGH (Assiniboia): Mr. Speaker, the subject which is under discussion today is a bill to amend the Prairie Farm Assistance Act, 1939. This act came into force after we had a long period of drought on the prairies, and I think for two reasons: first, the parliament of the day had come to recognize that some sort of assistance should be given to the prairie farmers to help them in the years when they had crop failures because of drought, hail, frost, grasshoppers or any other condition beyond their control. It came into force for an additional reason, namely, that farm organizations at that time began to be used to exert pressure on the governments of the day to enact such legislation.

It would be well at this time to examine the features of the Prairie Farm Assistance Act, because on many occasions since 1939 amendments have been made to meet the needs for which the act was introduced.

I want to say at the beginning that since 1939 the Prairie Farm Assistance Act has been very beneficial to many farmers in the drought areas. Those who have been responsible for the act should be complimented, but in examining the various aspects of it, and its administration, I find that there are still many objectionable features in it. First, the act should apply on an individual basis; second, it should be extended in scope, and third, it should provide greater protection against crop losses. Because of the experience which the government and the farmers have had with the act as it now stands, it is recognized that it is not adequate for the purposes for which it was intended, but I do believe that we have made a beginning on something which will more nearly meet the needs of agriculture in this country.

At the present time we have no national planning for agriculture sufficient to provide stability in that field. It cannot be overemphasized at this time that measures directed to give stability to our agriculturists cannot do that unless we have national policies which will assist in maintaining stability in agriculture.

In passing I think I should mention four real reasons for having a national agricultural policy and what it should embrace. First, we should have an agricultural policy providing for maximum utilization of land; second we should have the principle of ever-normal granary; third a forward price fixing policy, and, finally, a national crop insurance scheme which will provide coverage for all our crops where there is an element of risk. It is recognized by all hon. members that not only our prairie farmers who come within the confines of this act, but also other specific branches of agriculture such as our fruit growers, our vegetable growers and others do need crop protection against losses.

As I said before, the experience of the government in the past should give us a basis on which to work out a larger scheme than is provided in the Prairie Farm Assistance Act. What we need is a scientific survey to introduce an insurance scheme which would be national in scope. Such an insurance scheme should be on a federal basis and under federal control assisted financially by the provinces and by the agricultural groups interested in such a plan. Such a plan should include all types of agricultural production which have an element of risk involved in production. The rates to producers should be on an actuarial basis, with federal and provincial governments paying fifty per cent of the premiums, or some other amount determined by a fact-finding commission. Rates of premiums should be regionalized to correspond with specific areas and risks involved. Payment should in no case be higher than financial returns would have been had the crop been harvested and marketed. The

method of administration, of course should be under federal control, with proper local federal agencies to carry out such a plan. Under such a plan, specialized production shoud be protected also. I refer to such branches of agriculture as the potato growers of Prince Edward Island, the fruit growers of the Okanagan valley, the tobacco growers of Ontario, and, of course, the wheat growers of the prairies. I am convinced, sir, that such a plan can be worked on a beneficial and economical basis.

I have calculated the administration costs of the Prairie Farm Assistance Act, and it amounts to approximately 3·7 per cent. I am sure that if the government would see fit to bring in a national crop insurance scheme this percentage could be lessened. It is for this reason I recommend that the government consider the advisability of setting up at once a commission to determine the feasibility of such a plan of crop insurance as I have outlined, or some alternative plan under which such protection could be provided to our producers at minimum cost. Such a plan as I have outlined is, I believe, in the national interests, would benefit the producers and would have a favourable effect on our whole economy.

When we recognize the fluctuations in income of our Canadian agriculturists it will be readily seen that there is need for such a scheme as I have outlined. Let me give an example. The net cash income of agriculture in 1918 was $384,000,000. In 1946 it was $1,742,000,000. The low return for the wheat crop in Saskatchewan in that same period was $38,000,000; the high in 1946, $250,000,000. The fluctuation during that period is 660 per cent. Just as legitimate an argument can be made with respect to other phases of our agricultural economy. I would go farther and say that as an illustration in those later years we have had one-quarter of our working force in agriculture.

During that period that one-quarter of the Canadian labour force has received between 11 and 16 per cent of our national income. I think the time has come when we have to think in terms of the general welfare of the people of this country. If for any reason it should be thought I am asking this government for something unreasonable. I want to say that western agriculture has subsidized all classes of people in this country. I have in my hand a book put out by the Searle Grain Company in which they say that, according to their estimate, in the crop year 1946 the western farmers alone subsidized the Canadian consumer in the case of wheat to the extent of $110,000,000 in round figures; and other instances could be mentioned in which the farmers of the west have subsidized the people of the country as a whole.

[Mr. McCullough (Assiniboia).]

As I stated in the beginning, the Prairie Farm Assistance Act as constituted at present, and as it will be constituted with the proposed amendments, will be still lacking in many features. In the first place, it still provides an arbitrary basis of administration and payment. In some instances individual farmers receive benefits though their crop yield may be well over fourteen bushels to the acre. In the administration of the P.F.A.A. I have seen farmers in one section, who had good crops, receiving the benefits while because of section 7 (a) of the act other farmers with less than fourteen bushels to the acre, and in some cases with practically no crop at all, received nothing. Therefore I say the basis should be changed so that a farmer having what might be termed a crop loss would be entitled to an award. It is also possible for farmers suffering complete crop failure to receive no payment whatever. That is a situation which I think should be rectified in the proposed amendments. Furthermore these amendments do not take into consideration the fact that farm living costs have increased. So I would suggest to the minister that when we get into committee he bring in further amendments to rectify these three injustices.

Before resuming my seat I want to repeat the three points I think should be dealt with. I strongly urge that the act be amended to provide, first, that the maximum amount payable under the act should be $1,000; second, that payment should be on an individual basis, and third, that the act should be widened in scope to include all agriculture in Canada.

Mr. RENE N. JUTRAS (Provencher): Mr. Speaker, I listened attentively to the remarks made the other day and this afternoon on this subject. I am afraid, however, I shall have to depart somewhat from the path that has been followed by those who so far have participated in the debate.

In the first place I think I owe it to my constituents to point out that there is very considerable urgency about the adoption of these amendments. I had hoped this would not evolve into a full scale debate on agriculture as a whole, and I hope we shall be able to pass these amendments very shortly, because I know personally of at least 150 farmers who are awaiting their cheques in order to buy their seed; and at this time of year, as you know, that becomes a very urgent matter.

These amendments more or less carry into effect the recommendations made by the committee last year. At that time we thought

there was enough power in the act to have our recommendations put into operation without the need for amendments, but apparently the scope of the act was not sufficiently wide, so it is necessary to have these amendments before those recommendations can be carried out. For that reason I am very grateful to the Minister of Agriculture (Mr. Gardiner), who, having given us the assurance that he would carry out the recommendations, now has brought in these amendments. This means a great deal to the people of my constituency, because they have to do in large measure with the river lots and settlements, and the great difficulty we have had ever since this act has been in operation. I intend to go further into this question in the committee stage, but I do want to commend the minister for having brought in these amendments at this time.

I should like to take exception to some of the remarks made by previous speakers. With the possible exception of one hon. gentleman they have all made the statement that this act has been of great benefit to the western provinces. They should have said it has been of great benefit to two of the western provinces; because as far as Manitoba is concerned, instead of having been a great benefit the assistance given to that province under this act has been so small in proportion to the contributions the farmers have had to make to the fund that it has become a direct burden instead of a great benefit. If you review the statistics, the contributions and the amounts that have been paid out, I think the figures will confirm my statement. Two years ago I said that I did not think we in Manitoba could expect this act to be of any great benefit to us as it was written and being administered at that time. I repeated that statement last year, and the experience since then has only strengthened my belief.

One of the first demands to be made by those who have spoken so far is that this act should be operated on an individual basis. In other words everyone has argued that this legislation should be converted into a crop insurance scheme. In the past I have taken the stand that we should have a crop insurance plan; but to argue that this legislation should be converted into such a scheme I think is barking up the wrong tree. This has never been a crop insurance scheme, and was never meant to be such. We would have to change the act entirely to make it so. Furthermore I think everyone realizes that we would run into constitutional difficulties. I am not a lawyer, but no doubt some of our legal friends will speak in this debate, and I fear that any crop insurance scheme would fall within provincial jurisdiction.

The moment we would start to apply this act on an individual basis I feel we would have to change the contribution, which would have to be on a larger scale. In that event you could not possibly expect the farmers of southern Manitoba, for instance, to make the same contribution to the fund as the farmers of Weyburn or the farmers of the Souris area. The various districts of the provinces would have to be zoned, and naturally the rate in the Souris district would have to be much higher than the rate in southern Manitoba, or the rate in Weyburn, or in some other areas. In other words there would have to be different rates, as there are in all insurance schemes, because in certain parts the risk is much greater than in others. Therefore that raises an altogether different question.

To come back to my province, I said this act really had not worked to the benefit of the farmers there. To prove my point I should like to complete the figures I put on record two years ago, showing the amounts that have been actually collected in Manitoba and the amounts that have been paid into the fund:

Year	Paid Out	Collected
1946	$ 6,000	$846,000
1945	30,000	575,000
1944	159,000	754,000
1943	13,000	779,000
1942	....	482,000
1941	36,000	340,000
1940	611,000	355,000
1939	876,000	334,000

With the exception, therefore, of the first three years of the act, the farmers in Manitoba actually always contributed far more than they collected from the fund. I think the reason for this difference should be pointed out.

Hon. members will recall that in 1939, 1940 and 1941, the three years during which we received a little more than we contributed to the fund, section 3, subsection (2) (a), applied; that is, the twelve bushels to the acre basis was taken into consideration. It would appear that the only chance we in Manitoba have of getting any benefit from this act would be that the basis, instead of being the four and eight bushels, should also include the twelve-bushel basis, because in those three years we collected something from the fund; but from 1942 on, when four and eight bushels was the basis, the amount distributed in the province was a negligible one.

The hon. member for Weyburn (Mr. McKay) said that if Saskatchewan received a great deal, it also contributed more than the other provinces.

Mr. ARGUE: May I ask the hon. member a question?

Mr. JUTRAS: Yes.

Mr. ARGUE: Is he in favour of Manitoba withdrawing from the scheme?

Mr. JUTRAS: All the hon. member needs to do is to look at the record on that point. I went on record in 1945 and again last year. I am definitely in favour of it. That is what I am coming to.

As I was saying, the hon. member for Weyburn said that Saskatchewan had been the greatest contributor to the fund. What he meant, and what he probably said, was that the greatest deductions were made in Saskatchewan, but actually it appeared that he said the contributions in Saskatchewan were greater than those of any other province. If contributions are considered on the basis of the fund, of course there is only one province that contributed to the fund, and that is Manitoba; because we always received less than we contributed, whereas Saskatchewan and Alberta always received more than they contributed.

If we look at the record from the time this act came into operation—and it has been in operation, as I pointed out, since 1939—and the breakdown for the three western provinces showing the receipts from the levy, the award and the percentage of the award to the levy, here is what we find. This is taken from the *Manitoba Co-operative* of December 18, 1947, in an article based on the auditor general's report as tabled in the house. The breakdown, as follows, which shows the respective benefit received by the three provinces over the years since the inception of the act, is as follows:

Province	Receipts	Awards	Percentage award bears to Levy
Manitoba	$ 4,233,284	$ 1,772,162	42
Saskatchewan .	14,652,897	54,502,886	372
Alberta	7,314,874	16,421,082	225

It will be seen that Manitoba had a 42 per cent return, Saskatchewan a return of 372 per cent and Alberta a return of 225 per cent. There is a great discrepancy there as between the three provinces. As a matter of interest, if we make a computation, just to show our chances in Manitoba under the operation of the act without section 3(2)(a)—and there is not much hope that this section will apply for quite a few years to come—if we operate only on the basis of four bushels and eight bushels to the acre, and if we exclude in Manitoba the part that was paid on the twelve-bushel basis and take only the money contributed on the four and eight bushels to the acre, the return in Manitoba over the eight or nine years that the act has been in operation has been six per cent. If we take the return since 1942, our return has been only four per cent. It also means if there had been three separate funds, and if Manitoba had had its own fund, with the money contributed and the money paid out, we would still have over $2,500,000 in the fund. As it is, naturally, the fund has gone towards defraying the deficit that has been covered by the treasury.

I feel, therefore, that under the present arrangement of a square township, and a four and eight bushel basis, our chances of ever getting any benefit from the act is so slim that it cannot be called a benefit. I have never yet encountered or met a single farmer in my district who, to my knowledge, approved this act in the form in which it is written at the present time. A great many have expressed the view that if it could not be changed, they would rather do without it than have it in its present form.

It would appear from the discussion that most members feel that this legislation should be replaced; or that they would rather have a change in the act so that it would become a crop insurance scheme, and that such a change would meet with their favour. My personal belief is that if we were to have any such scheme it would have to come from the provinces. To my mind it is definitely a matter of provincial jurisdiction. If we are to make any headway we should ask the provinces to take the lead, and seek the co-operation of the federal government, with a view to discussing this matter so as to evolve the project into one of crop insurance.

I brought this matter up last year, and even before that. Last year the minister made it clear that he was prepared to consider any representations made by any of the three western provinces. I was pleased to note in the Winnipeg *Free Press* of June 25, 1947, an article headed "Use of prairie farm act funds as crop insurance suggested." In this article the Minister of Agriculture of Manitoba is reported to have said:

> We should begin to move into crop insurance and develop it one step at a time. I feel we should suggest that the deduction of one per cent now made under P.F.A.A. should be handed to the province as the beginning of a proper crop insurance.

We have had indications recently that our C.C.F. friends in the house have a great deal of influence on the premier and ministers of one of the provinces. I believe they would be rendering a service, and would probably

accomplish more quickly what they would appear to wish to accomplish, if they would press upon that provincial government the necessity of initiating a scheme of this kind.

As I said before, we could still use the wheat board to collect the one per cent; then if the wheat board were to turn the money over to the provinces, the provinces could evolve from that point an insurance scheme of some kind to meet the local conditions. This suggestion could be explored, with the possibility of receiving contributions to some extent from the federal government. At least it is my belief that the matter should be explored more fully.

On this score we have heard the hon. member for Acadia (Mr. Quelch) state his opinion that this should be evolved into a crop insurance scheme. Apparently the only objection he had was that the provincial government may not have the necessary financial backing. I am sure that with a Social Credit government in Alberta this could not be a serious objection, and that they would probably find a solution to the desired end. The matter is certainly worthy of further study. It must be kept in mind, however, that if we do not go the full length into an entirely new scheme such as one of crop insurance, if we are to reduce the qualifying basis from townships to smaller areas, and if we are to enter to some extent into the field of crop insurance, there would have to be some distinction made between provinces and districts.

I am of the firm belief that a basis which might be considered fair in Manitoba would not be a fair basis in Saskatchewan. I have come to the conclusion that the act would have to have at least two and possibly three bases. Because, as is shown by the facts and figures, under the present set-up Manitoba would stand very little chance of benefiting.

Mr. QUELCH: Does the hon. member believe that a crop insurance scheme on an actuarial basis could ever operate in a drought area?

Mr. JUTRAS: I never suggested that. I do not suppose it could operate entirely—perhaps only partly. I believe I made myself clear on that point—that the levy would remain, and then another contribution would be required.

Mr. QUELCH: From the federal government?

Mr. JUTRAS: Perhaps from both the federal and provincial governments.

It was stated in one speech that large number of farmers feel that payments should be made on the basis of individual farm units, in those areas where crop failures are prevalent because of drought. I do not suppose it was the intention to have the act operate only on the basis of drought, because if that were so we in Manitoba would raise strong objection. The act was primarily to meet a drought condition. Gradually hail and floods were included, until at the present time the act makes no distinction between different kinds of disasters. As the act now reads, a crop failure is a crop failure. If the yield is below four bushels, or if it is below eight bushels, they qualify and receive payment; and that is the end of it.

If we were to return to the basis of drought and drought alone, we in Manitoba would have no choice but definitely to drop out of the picture; because I am sure we would have no chance whatsoever of ever receiving any benefit from the act. The only time we receive any benefit is from floods; and this year I understand that we stand a chance of receiving some assistance in certain large areas hailed out last year.

Without taking any more of the time of the house, I would suggest certain concrete points to the minister. First I suggest that the minister give full co-operation to the provinces —and I know he will. There is already some indication that some of the provinces will discuss the matter with the federal government with a view to converting the legislation into provision for crop insurance. I would urge that the minister give the fullest possible co-operation, and that permission be given to certain of the provinces to enter upon schemes of their own if they so desire. If this is not done, then I would recommend that the basis for Manitoba be somewhat different from the basis for Saskatchewan and Alberta. I believe I am being modest when I ask that instead of the square township we be allowed the 36 sections of land. It will be realized that it is most difficult to have the square township in the central and eastern parts of the province. If this is not possible, I suggest a section should be added to section 3(2) so that Manitoba may be allowed another classification. There is provision for four bushels and eight bushels, and I suggest that we be allowed a twelve bushel basis. At the present time payments are made on the basis of four bushels and eight bushels. If Manitoba were on the basis of twelve bushels to the acre I am sure we would still receive less assistance proportionately than Saskatchewan and Alberta are receiving under the eight bushel basis.

If you analyse the figures I have given and the reports that have been made since 1939, I

think you will find that a twelve bushel basis for Manitoba would correct the situation a little but would not put that province in a preferred class. It would simply give us a fair share of the benefits paid under this scheme.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I followed with a great deal of interest the speech delivered by the hon. member for Provencher (Mr. Jutras), and also the earlier speech delivered by the hon. member for Assiniboia (Mr. McCullough). Their viewpoints are most interesting, in that they indicate the divergence of opinion in the western provinces.

The hon. member for Provencher has suggested that Manitoba more or less secede from the plan. There are material differences in the contributions made year by year by the provinces to this fund, as well as in the benefits payable thereunder. The report for the crop year 1946-47 gives the following figures:

Manitoba	$ 845,631
Saskatchewan	2,703,357
Alberta	1,644,706

The hon. member for Acadia (Mr. Quelch) asked whether it would be possible to bring in a federal system of crop insurance on an actuarial basis. I think the figures which appear in this record are an answer to that. Between 1939, when the act came into effect, and 1947, the total receipts from the one per cent levy were $27,913,000, whereas the total amount paid out was $73,392,683, or more than three times what was taken in.

Having regard to the conditions which prevail in southern Saskatchewan and in parts of Alberta, I think the general opinion is that a federal system of crop insurance would be altogether too costly, in view of the losses which might result. Last year I referred to the extent to which certain areas had been subject to drought over the years, and I wish to place a portion of that record on *Hansard*. I should like to give the number of townships in the different provinces which have suffered from drought and received payments over a varying number of consecutive years. They are as follows:

	Saskatchewan	Alberta	Manitoba
Seven consecutive years	34	48	..
Six consecutive years ..	173	223	..
Five consecutive years .	478	368	3
Three consecutive years	1,469	619	17

Those figures indicate that there are areas in southern Saskatchewan and in Alberta that are subject to repeated and continuous drought.

The hon. member for Assiniboia has suggested a system of crop insurance, but I shall not go into the details of that at the moment. I should like to refer to the report of the Saskatchewan reconstruction council, a study of crop insurance by Mr. R. E. Motherwell, wherein it is pointed out that if a system of crop insurance were put into effect in Saskatchewan it would mean that in large areas the farmers would have to contribute from sixteen to twenty per cent of what they sell.

Mr. McCULLOUGH (Assiniboia): The hon. member realizes that I suggested that the federal government pay fifty per cent.

Mr. DIEFENBAKER: That correction is perfectly proper. I am simply showing how difficult it would be to bring in a federal system of crop insurance which would thoroughly compensate by way of premium for what actually would be paid out by way of insurance. The fact that the difficulties in the way at the moment are almost insurmountable indicates the necessity of serious study before such a scheme is instituted. There is nothing, however, to prevent the provincial governments from instituting a partial scheme which would bring in areas smaller than those now covered by the Prairie Farm Assistance Act. I am going to refer particularly to certain drought areas in Saskatchewan in which the people are denied any benefits under this legislation because the present qualifying area is too large.

I do not intend to enter into a controversy with the hon. member for Assiniboia because I am not antagonistic to his views. I think the summary which was made during the course of this study is well worth putting on *Hansard* as indicating some of the difficulties which might be experienced in bringing into effect a system of crop insurance. The conclusions represent a summary of the arguments regarding the problem of crop insurance. I do not want to read them into *Hansard* but with the leave of the house I should like to place on *Hansard* page 39 and the first few lines of page 40 as indicating the ten difficulties that will have to be overcome before a proper and complete system of crop insurance can be brought into effect.

Mrs. STRUM: I have not had the privilege of reading that brief, and I believe it is quite a useful report. Was the summing up of the reconstruction council for or against crop insurance?

Mr. DIEFENBAKER: Usually when a royal commission makes recommendations it simply presents the arguments for both sides, leaving to the responsible government the final determination as to what shall be done.

In this report they leave doubt as to whether they are in favour of a crop insurance plan. But they do suggest quite a number of changes in the Prairie Farm Assistance Act in order to assure a reasonable and proper return in certain drought areas in Saskatchewan.

Mrs. STRUM: May I ask whether it is a provincial government submission?

Mr. DIEFENBAKER: Yes. The chairman of this committee was F. C. Cronkhite, K.C., who is often charged by the present government in Saskatchewan with responsibility for making investigations. Other members of the committee were well known people in Saskatchewan, including J. H. Wesson, the president of Co-operative Wheat Producers; William Walker, K.C., T. A. McCusker, Mrs. W. K. Cruickshank, J. G. Cooper and W. G. Baker—all representative citizens in Saskatchewan. I think that their viewpoint and summation, after investigation, constitute a worthwhile contribution to the subject. It is for that reason I ask that consent of the house be given to the placing upon the record of their suggestions and conclusions.

Mr. ARCHIBALD: Before the hon. member does that, may I ask if the portion to be put on *Hansard* gives both sides?

Mr. DIEFENBAKER: Yes.

Mr. DEPUTY SPEAKER: Has the hon. member unanimous consent to place this material on *Hansard:*

Some hon. MEMBERS: Agreed.

Mr. DIEFENBAKER: It reads as follows:

1. The plan would have to be preceded by a very intensive educational program to accustom farmers to the idea of such low protection and high rates.

2. Considering the experience of the American plan, it is doubtful that a voluntary system of insurance would be workable, for in high risk areas farmers are, to some extent, able to judge crop prospects and often prefer not to participate when prospects are good.

3. As a result of American experience and from our own general knowledge of southern Saskatchewan it is obvious that many farmers would not be able to pay the high premium charge.

4. Any premium collected could best be done by the percentage of yield or percentage of sales method,—similar to the percentage levy now applying under the Prairie Farm Assistance Act.

5. If the plan were not compulsory there would almost certainly be a tendency for the park belt area of the three western provinces to participate while the high risk areas of the prairie would not.

6. Many farmers would object to such a plan on the grounds that it "cost too much" and that the "protection was too low."

7. Some farmers would not engage in such a plan, if on a voluntary basis, believing that even if this crop did fail they would be assisted by relief.

8. At present no yield data exist for individual farms. The American experience has shown that such yield data can be secured but that they will perhaps be highly inaccurate in many cases. It is obviously folly to base an insurance scheme on the experience of too short a base period. It would be especially difficult to go into the yield experience of some farms which have been farmed during recent years by a series of operators.

9. It would be difficult and inadvisable to assure each farm in a district for the same yield. Few enterprises respond so greatly to proper timing of operations as farming. If one farmer, assured of 7 bushels per acre, manages to achieve a 7 bushels per acre yield in a poor year by very efficient farming, and his neighbour, as a result of less efficiency, secures a yield of 3 or 4 bushels per acre, the fairness of paying the second farmer sufficient to bring his returns to the equal of the first may well be doubted. The basis of insurance would have to reflect the actual yield experience on each farm during a base period. Even such a basis would contain unfairnesses when the present operator of a farm differed in efficiency from the farmer who worked the land during the base period.

10. Any system of crop insurance would likely have relatively high administration costs, for the first few years at least. Especially would this be so in a voluntary plan.

There are a number of recommendations I should like to make with respect to the Prairie Farm Assistance Act, they epitomize some of the views expressed in letters I have received from rural municipalities and others. I feel that the amendments provided in Bill No. 204 are unimportant in the light of the larger issues that might well be determined once and for all in a comprehensive manner. The inclusion of settlement or river lots, however, does represent an advance. It represents the suggestions made last year by various members, including the hon. member for Portage la Prairie (Mr. Miller), the hon. member for Souris (Mr. Ross), and others. I say this because in a radio speech last evening one of the ministers of the crown, the Minister of National Defence (Mr. Claxton), apparently was in a state of high dudgeon over the fact that we in the opposition believe in placing proper criticism before the house and the country. Our criticisms represent the viewpoint of the people. The Minister of Agriculture (Mr. Gardiner) has never objected to suggestions, but apparently his colleague the Minister of National Defence last evening indulged in some, I do not know how to designate them—silly claqueries would probably designate them best—as to the duties of an opposition. We place these viewpoints before parliament and the government in order to secure changes. That is the position which an opposition must take. First it must criticize where it believes things are wrong, and it need offer no apologies for doing so. At the same time it ought

to be constructive and bring to the attention of the government and the country the changes which in the opinion of the opposition ought to be made. I resent, sir, the remarks made last evening by the Minister of National Defence. If he would spend more time in looking after the matters concerning defence than in criticizing those who endeavour to be of assistance by making suggestions, things would be a lot better in this country.

The amendment making river lots eligible is a good one, also the further one regarding eligibility of areas adjoining qualifying townships. But these changes do not go far enough. I have brought the matter to the attention of the Minister of Agriculture on previous occasions. I realize the difficulties involved in an attempt to make an act cover all the anomalous circumstances and conditions that may arise during its operation. I have never refrained from criticism where I think criticism is due, but I believe that when commendation is due it should be given. I have found the officials of the Prairie Farm Assistance Act administration, when matters are brought to their attention, willing to give every consideration to representations made with a view to having injustices removed in so far as the law will permit.

I shall refer to just one case which is peculiar to my own constituency and other constituencies along the Qu'Appelle valley. As I said last year in the house, speaking of the rural municipality of Dufferin, in Saskatchewan:

> Year by year a portion of that municipality, by reason of a valley which runs alongside of it, must suffer continuing drought; yet because it is not contiguous to a municipality declared eligible under the act, the farmers there resident are denied any consideration. From year to year contributions are made; from year to year the contributors are denied any return.

I again bring this to the attention of the minister. There is not only Dufferin municipality but there are other municipalities along the Qu'Appelle valley where like conditions prevail, and where, as a result of climatic conditions peculiar to areas smaller than a township, the farmers are being denied the payment of a bonus. I ask the minister, will he not even now give consideration to reducing the area of qualification provided under the act? As I understand the situation, it is a full township or a contiguous rectangle of nine sections.

Mr. GARDINER: Nine or more.

Mr. DIEFENBAKER: Yes, nine or more. I think the removal of the descriptive word "rectangle" would make a considerable difference. If you simply said "nine or more contiguous sections", instead of "nine or more contiguous sections in a rectangle", it would remove part of the difficulty. I suggest that contiguity be done away with, and that where there is an area, with nine sections adjoining or joined one to the other, they should be entitled to the payment of a bonus regardless of whether or not they are adjacent to a qualified township.

The municipalities have brought certain other suggestions to my attention. They raise the question of a minimum payment to small farmers. As the situation is today, payment of the award goes to the farmer on one-half of the individual cultivated acreage. But to the small farmers, with fifty or sixty acres representing their entire crop, payment on a half basis at the same rate as for larger farms denies them the opportunity to carry on with any measure of security.

Mr. GARDINER: Unless he is under four bushels.

Mr. DIEFENBAKER: That is right, as the minister points out—unless the crop is under four bushels. The suggestion has been made that there should be some varying rate in that regard. By the limitation of 200 acres there is recognition of the fact that payment should not be made to large acreages. That recognition implies that small farmers are the ones to whom the act is designedly intended to assure a degree of security. This being so I suggest to the minister that some sliding scale be evolved so that those with smaller acreages will not be restricted in the same way and to the same extent as those with larger acreages.

Then, sir, there is the question, what is a farmer? There are all kinds of farmers. Some professional men call themselves farmers. It may be a descriptive phrase but they are not entitled to be called farmers. I submit to the minister that the regulations limit too strictly the definition of the term "farmer". As it is provided today in the regulations, a farmer is one who lives on a farm and whose primary occupation is farming, or who lives not more than twenty miles away from the farm and has no occupation other than farming.

Mr. GARDINER: That has been changed.

Mr. DIEFENBAKER: These regulations which I hold in my hand I received yesterday from the Department of Agriculture, and I understood they were the last ones.

Mr. GARDINER: They are not the last ones. Changes have been made in accordance with the suggestions made by the hon. member and by some others before.

Mr. DIEFENBAKER: On a previous occasion I suggested certain changes to cover farmers such as invalids and the like who find it necessary to move away from the farm although they continue the operations through someone else. "Farmer" is defined in the act as one "who as owner or tenant operates a farm in the spring wheat area or who as a member of a co-operative farm association is engaged in farming in the spring wheat area." But in the regulations it is defined at length somewhat differently.

Mr. GARDINER: I should explain that in going to the department now you will not get the regulations as they have been placed before the board and later before the government for passing. The regulations have been amended considerably and are in the process of being further amended. By going and asking for the regulations at this time you would not get these regulations as they are being amended.

Mr. DIEFENBAKER: I got in touch with the proper departmental official yesterday and asked for a copy of the regulations up to date. I sent a messenger for it and the one I received was dated in 1944. I then communicated with the official and the information I received was that the copy that was furnished me was the last one. It makes it a little difficult in arguing a question in the house to find out that changes have been made but that they have not yet been promulgated.

Speaking now of the regulation the copy I have as the final unexpurgated edition of the regulations, rather than the newly revised and undistributed ones, I say that every consideration should be given, so far as family farms are concerned, to the advisability of extending the right of the head of the family, as for example, a widow, to leave that farm and be farther away than twenty miles. Second, I suggest that when a farmer continues to operate his farm and at the same time takes employment in a neighbourhood town or village adjacent to where he carries on his farming operations, he should not be denied payment of the prairie farm assistance.

A farmer found it necessary, by reason of crop failure, in June or July, knowing that he would have a crop failure, to leave his farm and get work elsewhere, leaving his family on the farm. The attitude taken, until the matter was brought before the board of review, was that he was disentitled to any consideration because he had an occupation other than farming. There should be no denial of entitlement in cases of temporary absence under such circumstances. The regulations should be brought before the committee of the whole, after second reading of this bill, so that we shall know what they are and be in a position to suggest changes which will bring some of them up to date and meet the objections we receive from time to time. I hope that the minister will place in the hands of hon. members the new and revised regulations so that members will be in a position to suggest further alterations and changes.

Therefore, sir, I suggest three things. First, when we go into committee we should have before us the regulations and assist in the revising of them instead of having the revision done by departmental officials removed from parliament and from the representatives of the people in parliament.

Mr. SINNOTT: Hear, hear.

Mr. DIEFENBAKER: The hon. member for Springfield agrees with what I have said in this regard. He is a former reeve of a municipality. He understands the situation and is able to make his contribution, recommendations and suggestions. Other hon. members in other parts of the house are in a position to do the same thing.

Second, I bring again to the minister's attention the necessity of including areas in Saskatchewan which are now disqualified. Third, I suggest a change in the area of qualification. I realize the difficulties in connection with the individual basis, although there are those who believe that it should be paid on an individual basis. The purpose of the act should be to give assurance to all who suffer drought loss that they will be entitled to receive the payment of the bonus so that they will be able to remain on the land and continue their occupation of farming. To achieve this I suggest a reduction in the area of qualification.

My next suggestion is an alteration of the present qualification to do away with the rectangular requirement and make it possible for areas, even though they are not in the form of a rectangle, to qualify under the act.

I suggest a change in the act to cover the definition of "farmer" and indicate who shall be entitled under the regulations. Finally, there should be a sliding scale in the matter of payments where the yield is over four bushels an acre. This would assure a larger return for the small farmer for whose continuation in farming the act appears to be designed.

These recommendations and suggestions, sir, represent the point of view of municipalities not only in my constituency but elsewhere, and are placed before the house with the view of endeavouring to improve the act and to make it cover circumstances which it

does not cover now because of the anomalous conditions resulting from the regulations. They are advanced with a view to assuring that the purpose for which the act was originally conceived and the spirit in which it has been administered, to which I have already paid tribute, shall be continued, and to the end that the present injustices and inequities may be removed.

Mr. J. S. SINNOTT (Springfield): I should like to say a few words on this bill, Mr. Speaker, though the hon. member for Provencher (Mr. Jutras) has covered it fairly well. I might also put in a good word for the hon. member for Lake Centre (Mr. Diefenbaker) who has pointed out several deficiencies which still exist under this legislation and which, if corrected, would make it more beneficial to the smaller farmers.

I have the misfortune, I would call it, to have in my hand the names of fifty-five farmers, representing 1,600 acres, who have paid into this fund year in and year out and who have not the ghost of a chance of collecting a nickel. One here has 165 acres; another one has 50 acres; another has 105 acres. Here is a widow with 93 acres, who never stacked a bushel of seed or feed last year but who has not a hope of collecting anything for the damage sustained from floods last fall.

I believe the purpose of an act of this kind is to protect the little fellow rather than the big operator. While it may be helpful to take in the lots along the Red river, which will cover a few farmers, I would say that is only a drop in the bucket compared with the damage suffered by several sections of the constituency of Springfield last year. As has been pointed out, Manitoba has contributed to this fund year after year but has derived very little benefit. So I say we should either make this legislation beneficial to all farmers or get out of this field altogether and make it a provincial or municipal or constituency set-up so that we may get fast action.

I quite agree with the hon. member for Lake Centre that to extend this scheme from one end of the country to the other would be far too complicated and expensive. Personally I believe a provincial set-up would be best, under which a section of the province having a good crop would share with a section having a poorer crop. I do not quite see how the act could be made to take in these smaller areas; but what chance does a poor widow have, with 100 acres of land drowned out, if she has to go to the provincial or dominion government for assistance? Her chances are pretty poor. Until this act is made to apply to these smaller farmers, I do not think it will be very beneficial, so that when we get in committee I hope the minister will see his way clear to make some change in that regard.

Mr. D. J. McCUAIG (Maple Creek): Mr. Speaker, I should like to say at once that I am in full agreement with the spirit of this legislation which, as I see it, is designed to take care of a particular situation. The basic underlying principle is logical and practical. It can do and has done the job in the most direct and economical way. In a year of crop failure when the farmer has no other return this assistance has enabled him to carry on his farming operations. It takes the place of the old form of relief which was given the individual by the municipality, the province or the federal government, and I am glad that the government has seen fit to take over this responsibility. Climatic conditions, over which the farmer has no control, may bring loss over wide areas almost to the extent of a national calamity.

I am strongly in favour of a contributory form of self-help; and I would be in favour of a contribution larger than one per cent in order that the return to the individual might be increased beyond the present $2.50 per acre, which will not take care of seed and living expenses.

I have lived for thirty-six years in a part of the country to which this act has been applicable from time to time, and I know something about its practical application. As it is administered at the present time, the spirit and intention of the original act are not carried out, and as a result hardship is imposed upon certain individuals. In dry years we may have what they call local showers, which will take in anything from a half-section to six sections or more. One point might even have a soaker, while half a mile away there might be only a light sprinkle. A streak of rain can act very much as a hailstorm sometimes does. As I see it, the only fair way to administer this act is on an individual basis. I would say the inspection would not cost any more, since every section and every farmer are now checked and a settlement made on the basis of the present legislation.

Let me give the minister an actual illustration of what takes place. Let us say that in a given township the full bonus of $2.50 per acre is paid. The township directly below does not get the $2.50. Why? Well, because sections 35, 34, 27, 22, 15, 10, 9 and 3 had one of those local showers, and in some of those sections they had as much as sixteen bushels to the acre. In the same township the sections on the east side, sections 25, 24, 13, 12, 11, 2 and 1, averaged only three bushels to the acre. On the west side of that same township there were sections 17, 18, 30, 31,

29 and 32, which did not get their seed back. That brought a real hardship on those men. As I see it, this act was designed to take in and take care of men who had a complete crop failure. The only opposition I have encountered with regard to reducing the sections from nine was because it would cost more money to operate the act in that way. I would ask the minister this question. Why chisel on this? Why make regulations that would cause a real hardship and, just by those regulations, exclude those men who had crop failures? There is no other reason.

Mr. GARDINER: I should just like to say to the hon. member that it is not a regulation. That is in the law. That is one of the regulations which was brought here and decided on the floor of the house, which makes it law.

Mr. McCUAIG: I will accept the minister's correction. I am not as well versed in law and regulations as the minister is. We shall call it a law. Why make laws which are contrary to the spirit of this act, and exclude those men? That is the point I want to make. I am glad the minister made that interjection, because maybe I did not make myself clear.

Those men paid for this protection. They paid all they were asked to pay. The minister knows the practical side of this whole thing. He knows that, since this act came into force, getting relief or seed is just out of the question. A man is out of luck who is in those parts excluded from this act. He cannot go to his municipality. If he himself cannot finance, he suffers by it, as the hon. member for Lake Centre (Mr. Diefenbaker) so well pointed out.

It has been said in the past that the reason the number of sections was not reduced from nine, or a quarter, was the existence of submarginal land. After thirty-six years of farming there, settlers on the submarginal land are fairly well eliminated. They are not there any more. I would say that is not a factor in this matter now. What I would call submarginal land is land that has four inches or less of top soil. I would say that land with four inches and above—six inches or eight inches—can be farmed and is profitable wheat land today under the present advanced method of tillage and the improved grain we grow on it.

Further, the minister should give serious consideration to getting this down on an individual basis because that, as I see it, is the purpose and intention of the act. It was to eliminate direct relief and all this rigmarole with regard to seed and relief that went on, as hon. members know, from the individual to the municipality, to the provincial government and on to the federal government. I hope the minister will give his consideration to whether it is logical, practical and equitable. I cannot see that it is an equitable and just method which excludes one man who has suffered under the same conditions as the man who gets $2.50 per acre.

In some cases it is even worse than that. I have seen an instance where a township has been under the full bonus, and possibly immediately south—or even north or on either side, or even taken in a circle—there is a group of four, five, six or eight sections that would not be. They would be completely out of it, just because the balance of that township probably averaged up to over twelve bushels an acre. The minister is a man who is practical enough to know these things. He has been on a farm. He knows the condition. In fact I think he knows very well the place where I myself am situated, and knows that what I am saying is near the truth and contains practical suggestions. I would ask him to consider this matter seriously, and to place it on an individual basis or on a much smaller basis than nine sections. I would ask that it be not restricted to a rectangle or square, but take in, say three, four, or five sections, no matter in what direction you go. I hope the minister will take that into consideration.

Mr. C. C. MILLER (Portage la Prairie): It is not my intention today, Mr. Speaker, to repeat at any great length anything that has gone before. With much that has been said I am, of course, in agreement, because some of the problems mentioned by other speakers are the problems of my own constituency. On the other hand, quite a bit has been said, even by hon. members from my own province, with which I cannot wholly agree. For instance, I question whether it is practicable for the provinces as such to take over a system of crop insurance. After all, if there were any great crop failure that was province-wide, half province-wide or even of substantial proportions in any province, it might test severely the financial resources of the provinces were they standing behind a system of crop insurance. I think a province should be leery about stepping into this picture, and I think the experience will be that the provinces will probably be leery of participating in any such scheme.

Then, with regard to the administration of it, if there were to be any contributory payments or deductions from farmers' grain, if the province were handling it, it would be impractical for the province to collect.

So far as the amendments are concerned, there is not a great deal with which we can quarrel. There are some things about which I should like to ask some questions when we get into committee of the whole, as no doubt will be the case with other hon. members. I have one suggestion I should like to make to the minister if he would turn to the bill. I know that we are not supposed to refer to the sections at this stage, but it seems to me that there is a misprint in one of the sections in the minister's amendments; I refer to the new section 7(b). Just in order that we may be able to size up what it means, I wonder if the minister would look at it and see if it should not read "within an ineligible township", instead of "within an eligible township", in the second line of subparagraph (b) of section 7. That is in section 3 of the amending bill. It looks as though it should be "ineligible."

Mr. GARDINER: One should be "ineligible" and one should be, "eligible". Maybe the hon. member is right.

Mr. ROSS (Souris): It is a misprint.

Mr. MILLER: The provision respecting river lots is of importance to two or three of us from my province, including the hon. member for Provencher (Mr. Jutras). I, for one, am glad to see them included, although the manner of their inclusion may be subject to some criticism, since the procedure to include is to be set out later by order in council.

In fairness I believe I should express my views as to the possibility of Manitoba retiring from the scheme. I know that among many farmers the deduction of one per cent is not popular, and particularly is this true in good crop areas, such as the one I have the privilege to represent. On the other hand it seems to me that this is fair and cheap insurance in our crop areas. It would require only one complete failure for most of these men to get their money back. After all, all of us have carried fire insurance, and I know of no one who objects to the fact that he has not had to cash in on the amounts he has paid in as fire insurance premiums. Those of us who have had fire insurance are grateful that we have not had to cash in on our policies.

I believe that, to some extent, farmers would look at this matter in the same way, and would consider that perhaps that is the fair way of looking at it. I would not be in a hurry to counsel Manitoba farmers to withdraw from the scheme, because the time may come when a catastrophe might befall us; and only one would be required for many of our farmers to get back a good deal more than they have paid in. The surplus of $2,000,000, the amount we have paid in more than we have received, would not last long in the event of widespread catastrophe in my native province. We have the resources of the dominion government behind this scheme; we have more than the contributions made by the farmers in the form of their one per cent deduction. If there were such a catastrophe, regardless of the amounts by way of contributions which had been made, and regardless of the amount of money the government might have on hand from the scheme, the resources of the dominion would be behind the payments to be made to the farmers of Manitoba by way of compensation, within the provisions of the act.

That is the way I put it. Regardless of what other members from my province may say, I am not yet ready to counsel farmers, if they were to ask my counsel, to withdraw from this scheme. So far as I am personally concerned, so long as the scheme is fairly administered and so long as the funds paid into the government are honestly and fairly distributed, according to the spirit of the law, I for one do not think we can have any great objection to it; because we know not what year disaster may hit those of us who come from good farming areas, just as it has hit other areas which have not been so fortunate. We should be careful in suggesting the breaking up of the scheme until we are convinced that it is not fairly and honestly administered, or that it is not doing a good job.

I do believe, however, that the minister will have to give consideration to the insistent demands that the minimum area be cut down. I do not know whether the minister and his counsellors are adamant in their determination to retain the present area as the unit for the payment of losses. I know, of course, that the minister is fully conscious of the objections coming from all corners of the country where this act applies, relating to the restriction which states that it must be a township loss. It seems to me that that could be cut down.

I have argued before in the house that it should be cut down to an individual basis, and I do not yet see why that could not be done. The minister has not said that it would be financially impossible. He has not given any reason, more than to point out administrative difficulties, which would convince me that it could not be done. However, even if I am wrong in my argument that it should be on an individual basis, I still believe that it could be cut to an area much smaller than a township. It seems to me that if we were to adopt the quarter township as a unit much of the dissatisfaction now emanating from the area from which I come would be eliminated.

We do not often have to claim under this act, although we did have a little trouble from flooding in one of the areas during the past year. Unfortunately most of the farmers affected were not well to do, because the flooding occurred in an area where the land is not quite as good. The result was that the flooding caused considerable suffering. There was not a sufficient area in either of the townships affected by the flooding to qualify those men for relief under the act, in spite of the fact that they had been paying their one per cent deduction, as had other farmers.

It seemed to me a pity that those people could not participate in the fund. If a smaller acreage had been required they would have participated. I believe that much of the dissatisfaction with the act is in its administration, and that a great measure of the faulty administration lies in the fact that the unit of crop failure fixed at the township level is considerably too large.

In view of the generality of this criticism, coming from all parts of the country, although I am sure the minister has had this matter drummed into his ears year after year, I suggest that once again he should give serious consideration to the matter, and accept perhaps the quarter township unit for a trial period.

I know of no difficulty which would arise in our area in that respect. It is possible that under this condition the cost might be too great, in view of the fact that farther west they may have many areas which would be entitled to make claims, thereby running the cost up to too high a figure.

May I state further to the minister that I do not believe the farmers of Manitoba who have paid into this scheme will ask to leave it, just because they are paying this one per cent. I believe, however, that if, as has been suggested by some hon. members, and particularly those to my left, the rate of contribution were increased, nothing could stop an insistent demand from the farmers of Manitoba to have that province excluded from the scheme, and that our farmers would have to work out some other method of meeting this situation.

As it stands today, however, it seems highly improbable to me that, with the reasonably good crops we have on the average, any farmer would want to withdraw simply because of the one per cent deduction. After all, these various schemes for the benefit of farmers in general can exist only if the farmers themselves co-operate and are prepared to do their share, not only when they are going to benefit but also to carry out the general nature of the scheme. Perhaps they would benefit from one scheme and not from another. I believe I know the farmers in our western country pretty well, and I cannot believe that they would object to this one per cent deduction when they realize that, after all, it is a measure of cheap insurance, particularly, as the hon. member for Lake Centre (Mr. Diefenbaker) has said, because the fund does not really carry itself.

There were some other things I had intended to say but, with one exception, they have been said. The one remaining has been dealt with partly at least by the hon. member for Lake Centre. As hon. members know, I have always opposed too much power by regulation; and too much liberty or right to make regulations is vested under this act in bodies other than parliament. I am not taking general objection to them, but I believe that no body except this house should have the power to make a regulation changing the definition of the person or persons entitled to receive benefits under this act. It should not be very difficult to define those who should receive benefits. Section 6(f) is the section which gives the power to make regulations, and paragraph (f) reads:

> . . . and excluding from the operation of this act persons who, in such circumstances and under such conditions as are prescribed in such regulations, have occupations in addition to farming or do not reside on farms.

I maintain that this act should define who is entitled to benefits under the act, and I contend that no body other than this house should have the power to change that. I ask the minister to consider bringing in an amendment to satisfy us on that score.

I want to go farther than the hon. member for Lake Centre went and say again that there should be no power in any body to make regulations that would change the definition of "farmer" in the act. The government can suggest whatever definition they think will be acceptable to the house, but once that is done, there should be no power to make any change.

Mr. H. R. ARGUE (Wood Mountain): Mr. Speaker, I think a good deal of valuable information has been provided by this debate. It shows that, while hon. members are agreed about many things, there are still some differences. I was interested in hearing the hon. member for Provencher (Mr. Jutras) say he would be prepared to support the withdrawal of Manitoba from the act. I can well understand that the people in that province feel that they have received relatively small benefits from the act as compared with the people in Saskatchewan and Alberta.

However I think there are one or two things the hon. member overlooked. In the last few years prices of grains have increased considerably and consequently the revenue derived from the one per cent deduction is much higher. I think that would account in large measure for the fact that in 1939, 1940 and 1941 Manitoba received more by way of benefits than was paid in by way of deductions.

Mr. JUTRAS: The point I was making was that in those years the payments were made on the basis of twelve bushels to the acre, whereas it has not been twelve bushels to the acre since.

Mr. ARGUE: That is a good point and I think it bears out what I have been saying. If we reach the time again when prices of grains go down, not only will the collections be less but the need for this act will be greater. I think there has been a lot of loose talk about the so-called submarginal areas and those areas which are most subject to crop failures.

The hon. member for Lake Centre (Mr. Diefenbaker) stated that in Saskatchewan there were 173 townships which had received benefits for seven consecutive years. He will correct me if the figure I give is not accurate. I would point out that in Saskatchewan there are twenty-eight municipalities or 252 townships which have averaged crops of between 8·1 and 10 bushels of wheat per acre from 1918 to 1943. I do not think that area is submarginal. Over a period of years those farmers with proper agricultural practices have been able to make a living.

Mr. DIEFENBAKER: There was no suggestion of that kind.

Mr. ARGUE: I realize that. I am just pointing out that when the benefits are paid on the basis of eight bushels down, or in some years on eight to twelve bushels, those areas which have a lower long-time yield get more in the way of benefits than those which have higher yields. I believe that any province should be careful before deciding to withdraw from this act. We do not know how long it will be, although we hope it will be many years, before grain prices fall. We do know that in the last four years there have been widespread crop failures. I believe that if we get continuing crop failures and if prices should fall, then even the province of Manitoba could not carry a scheme such as this.

Reference was made previously in the debate to the recommendations of the Saskatchewan reconstruction council in connection with crop insurance. A study was made by Mr. R. E. Motherwell, B.S.A., who happens to be the grandson of the late W. R. Motherwell. In my opinion he prepared a most excellent brief. While I do not agree with all his conclusions, I certainly agree with many of them. I would point out that the hon. member for Assiniboia (Mr. McCullough) did not suggest crop failure insurance on an actuarial basis but rather on a basis of a fifty per cent contribution by the farmers and fifty per cent by the federal government.

Mr. Motherwell made an extensive survey of the results from crop insurance schemes in the United States which were based on individual farm yields. It was hoped that over a long period of years each farmer would pay in premiums approximately the amount he received in benefits, but the schemes did not work out very well. Mr. Motherwell summarizes as follows:

1. Completely self-carrying crop insurance has not been successfully achieved for small grains in any country.

2. Of all ventures in the field of crop insurance, the American experiment is the most noteworthy. This experiment showed several things.

(a) That farmers in high risk areas were unable to pay the premiums necessary for their own protection.

(b) That participation in high risk areas consistently decreased, even though general participation throughout the country increased.

(c) That, especially in high risk areas, when a relatively large premium was subtracted from the indemnity receivable by the farmer after loss of crop, the payment was no more than a disaster preventive.

(d) That unless a plan of insurance is compulsory, farmers will not participate in years of favourable crop prospects.

I have read those sections, Mr. Speaker, because I do not think a scheme of crop failure insurance on a self-carrying basis is satisfactory or can be put into practical effect.

Benefits have accrued from the Prairie Farm Assistance Act. It has been a help to those farmers who at various times have suffered a crop failure. It is also true that this is to a large extent a bonus, in that, of the sum of $73,000,000 in benefits which have been paid since the act was first implemented, $45,000,000 was paid from the federal treasury and approximately $28,000,000 collected from the one per cent levy.

The criticisms of the act have been pretty well covered by other speakers this afternoon. One of the most important is the criticism that the amount paid is too low. In 1939 the value of crops was low compared with their value today, but still the benefits under the act remain approximately the same, and the deductions remain the same. During that period costs of farming have increased tremendously, so that the financial difficulties of surviving a

depression or a crop failure have materially increased. The likelihood now is that smaller contributions will be made from the federal treasury because of the increased price of grain. I suggest that the same ratio as between deductions and the price of grain should remain. If that were done, certainly the benefits would be increased twofold or perhaps more.

It has been well pointed out that payment on the present basis of a township or on the basis of a quarter township contiguous to an eligible township results in grave injustice and real hardship. Many farmers find, when they have a crop failure through no fault of their own, that merely because they are not in the quarter township block which is placed under the bonus they have to suffer in comparison with a neighbouring farmer, even though their yield may be as low as his or even lower. The government should attempt payments on the basis of the individual farm. No doubt there would be administrative difficulties in doing that, but that should not prevent the government from going ahead and trying out the scheme on an individual basis to see whether it is practicable or not. Certainly the one-quarter township basis and the township basis as provided in the act fall short of being adequate to meet the situation.

Many of the regulations cause the farmers a good deal of hardship. If the regulations I have are up to date—I do not say they are, but if they are not the minister will correct me—a farmer to be deemed a farmer under the act must be an owner or tenant of a farm from May 1 to November 1 in any one year. If he resides on his farm and finds in July that he has a crop failure and leaves the farm to take employment elsewhere he has great difficulty in obtaining the bonus.

Another regulation provides that the farmer must live on the farm and have farming as his primary occupation, or that he must live not more than twenty miles away from the farm and have no other occupation than farming. I do not see why that twenty-mile limit is in there at all.

Mr. GARDINER: Perhaps the hon. member was not in when I told the hon. member for Lake Centre (Mr. Diefenbaker) that this regulation is being changed.

Mr. ARGUE: In what way?

Mr. GARDINER: To remove the twenty-mile limit and some other objectionable features.

Mr. ARGUE: There will be no limit then?

Mr. GARDINER: The limit is the area. It must be persons who live in what is known as the area; that is, the three western provinces. If a person lives in the United States or anywhere outside the area he does not draw the bonus.

Mr. ARGUE: I would not ask that a man be allowed to live in the United States and draw the bonus. If a farmer lives in a town and is a permanent resident in the town and takes on another occupation than farming during his spare time he is ineligible for the bonus. Many cases have been brought to my attention of men with large families, who, owning one or two quarters of land, moved to town in order to have their children educated and have the convenience of medical attention, and who, because their farm was a small unit, accepted another occupation at various periods of the year, and as a result of thus trying to make an adequate living were discriminated against and declared ineligible for the crop failure bonus. I believe that an enterprising individual who has his own farm and equipment and who in his spare time accepts some other useful work in town should not be barred from receiving payment.

Another suggestion made by members of this group is that payments be arranged on a zone basis. If that were done it would remove the complaint of farmers in the province of Manitoba that they are not receiving sufficient benefits under the act. There are broad soil zones through the prairie provinces where farming conditions are relatively similar; I think the soil zones could form a basis under the act for collections and payments that would be fair to all.

I would go a step farther and advocate that the benefits of the act be extended to other parts of Canada, especially to specialized crop sections, such as the tobacco and fruit-growing areas of Ontario and the fruit-growing areas of the maritimes and British Columbia, so that the producers in these areas would receive some benefit when they experienced crop failure.

In addition, the benefits should be increased especially in view of the high costs of production. In view of those costs, a maximum payment of $6 an acre on the present acreage basis would not be too high. I do not think the farmers themselves would object if it were necessary to increase the present deductions.

The government should also take steps to have payments made on an individual basis or something approaching that. Because I think these changes should be made, I move, seconded by the hon. member for Dauphin (Mr. Zaplitny):

That Bill No. 204 be not now read a second time, but that it be resolved that in the opinion of this house the government should give further consideration to extending the provisions of the

Prairie Farm Assistance Act to other specialized crop areas, also that the benefits under the act should be increased, and that steps should be taken toward the making of awards on an individual farm basis.

I suggest, Mr. Speaker, that that kind of motion is provided for in Beauchesne's Parliamentary Rules and Forms; that it is not an effort to kill the bill, but that it is merely a resolution stating that in the opinion of this house certain things should be done. We also in this group support the changes which are being made in the act at this time.

Mr. J. A. ROSS (Souris): Mr. Speaker, I want to say, first of all, that when this act was brought into being in 1939 it was certainly legislation of the right kind. It has been amended on several occasions, I think in 1940, 1941, 1942 and in 1947. I remember the hon. member for Portage la Prairie (Mr. Miller) and myself asking for the amendments that are now being provided for to take care of blocks in various parts of the country. I also think the matter of providing assistance might be extended farther than it is. A quarter township might be provided for that was not necessarily contiguous to another township in the area. That might make some difference.

While I like the idea of individual assurance, I will admit that it will be difficult to administer. I have not seen my way through it to that extent yet, and I think we can go a step farther and take the quarter township if it happens to be near an area which has been declared a crop failure year.

As to the question raised by my good friend, the hon. member for Provencher (Mr. Jutras), I do not believe that the great majority of the people in Manitoba really want to be taken out of this Prairie Farm Assistance Act. I agree with the figures which he has presented. I was very proud this afternoon of my colleague, the hon. member for Portage la Prairie, who represents one of the surest and best crop producing areas in the prairie provinces. These people are not likely to have a crop failure in the particular riding that he has the honour to represent.

This is a very cheap form of crop insurance, and these people are assured of something. We do not know what the elements of nature might bestow upon our farmers in any one year, and it does mean something to these people to tide them over. I am sure the great majority of people in Manitoba do not begrudge the one per cent deduction toward that end. I want to go a step farther along these lines and say that our problems in the three prairie provinces are so much alike that we should attempt to assist one another. We have been having a debate in this House of Commons which certainly has affected the people of the prairie provinces and of the maritime provinces to a greater degree than any other part of Canada. If we do not begin to assist one another in some of these difficult problems our undertakings will become more difficult than ever. On that basis alone I think we should be prepared to stay under this scheme and have our deductions made to assist one another in the difficulties that the three prairie provinces have so much in common, despite the fact that year after year most of the difficulties have arisen in Saskatchewan and, to a lesser degree, in Alberta and, at times, in a part of Manitoba. Therefore I would hope that nobody will press the case too far here or on our provincial government until something else is put forward to take the place of the operation of this act.

What I do want to discuss in all seriousness are the regulations. I know that this afternoon the minister said they were being amended. But I do not like the regulations being amended by order in council. Apart from my dislike, I wish to say that most of the difficulties we have had in explaining the operation of the act to the people and all the other questions that people who need assistance ask their members have to do with the regulations. The regulations were amended a year ago, and I have been asked many questions by people during the past year. Even as late as Easter when I was home I was asked questions about the regulations and I was not able to give them much information, despite the fact that I had studied this legislation closely.

The regulations are now being amended. I make a plea to the minister that when we go into committee of the whole on this bill we be given the privilege of passing on these regulations rather than having it done by order in council. If that cannot be done I ask him to bring us up to date on the regulations and let us know as nearly as possible in detail what they are. The whole thing should be placed in detail before the committee of the whole when we are at the proper stage of this legislation.

I do not wish to take up any more time now; I shall have questions to ask when we are in committee, and I sincerely hope that the minister will agree with the suggestions I have made so that we may work in greater co-operation with the people who come under this assistance measure.

Mr. F. S. ZAPLITNY (Dauphin): As the seconder of the amendment proposed by the hon. member for Wood Mountain (Mr. Argue), I should like to say it is significant that, while the bill which is now before the

house is to amend the Prairie Farm Assistance Act, 1939, in certain particulars very little of what has been said this afternoon has referred directly to the amendments proposed by this bill. This is not because hon. members do not approve these amendments. Personally I think these amendments were called for and are very much in order, but the fact that the discussion has been on a different phase of the original act itself is indicative of the need for further amendments which are not included in the present bill.

Last summer we had the advantage of having a visit in the town of Dauphin from the Minister of Agriculture (Mr. Gardiner), a few weeks after we had a rather disastrous flood in that area. The minister will recall that at that time local officials of the municipalities concerned took advantage of his visit to address a public meeting and invited him to meet the municipal officials in order that they might place their representations before him. He will also recall that in making these representations they were unanimous in the plea that the Prairie Farm Assistance Act be so amended as to make it possible for farmers to qualify for prairie farm assistance where they cannot do so under the present township plan.

I am not going to repeat the arguments I used in this house two years ago or last year in proposing certain changes in the act so as to make it more applicable in case of crop loss or damage from hail or flood. What other speakers have said today ought to be enough to persuade the Minister of Agriculture that a substantial change is required in that respect. But I do wish to impress on him the fact that the experience we have had in the part of Manitoba from which I come, shows that the farmers for many years paid their share of the prairie farm assistance fund, paid it cheerfully and without any grumbling, then were faced one year with a disastrous flood and, because of the regulations and the provisions of the act as it now stands, found that a great number of them were not able to qualify in spite of the fact that their crops were completely washed out by the flood. One can understand that there will be a great deal of resentment and disappointment among those farmers. The figures which have been quoted today show that the farmers of Manitoba have contributed to the fund about two and a half times what they have taken out, which I think is a further argument in favour of certain changes being made in respect of the province of Manitoba.

While I am on that subject I want to make it clear, as I did two years ago, that while I respect the views of the hon. member for Provencher (Mr. Jutras), I do not agree with his contention that Manitoba should seek to secede from this plan. Last year around Dauphin we had disaster strike a large area; and anyone coming from such a district will realize that but for the Prairie Farm Assistance Act these people would not be able to obtain assistance of any kind. It is perhaps interesting to note that, while the hon. member for Provencher made reference to the fact that a year or two ago the provincial minister of agriculture of Manitoba said that in his opinion Manitoba's contribution to the fund should be laid aside in order to build up a fund for a provincial crop insurance scheme, only a few days ago the premier of that province said that in his opinion what is required is an amendment to the Prairie Farm Assistance Act to make it more applicable to cases such as I have described.

That statement was made to a delegation consisting of several persons from around Dauphin who interviewed the Premier of Manitoba in an endeavour to obtain assistance from his government for those farmers who could not qualify under the present provisions of this legislation. It was estimated that approximately $10,000 would be required to cover those farmers who could not qualify under this act. That is not a huge amount when compared with the over-all picture; but even then this is what the premier had to say, according to the report appearing in the Dauphin *Herald* of April 15:

> The premier pointed out that the obvious step to take was to have the P.F.A. Act amended so it would apply to units smaller than townships which have suffered flood damages.

And further:

> If the province, he added, were to underwrite the mistakes made by the dominion government by providing assistance to farmers, the act would never be amended. He suggested that a delegation of the reeves of the municipalities concerned make a trip to Ottawa to ask that the act be amended to meet the needs of flooded Manitoba farmers.

Then the report goes on:

> Mr. Garson said he would be in Ottawa for the next few weeks and would be glad "to lend weight and prestige of the government to the amendments asked by the delegation."

It is now April 23, and if this report is correct I would assume that the premier has been in Ottawa for some time. At least I understand that he is to be here tomorrow; and if he has carried out his pledge to this delegation he must have been lending his prestige and support to the necessary amendments in order that the act may apply to units smaller than the township or nine-section block provided for in section 7(b).

Mr. GARDINER: Would the hon. gentleman permit me to state the position?

Mr. ZAPLITNY: Certainly.

Mr. GARDINER: The present position is that some time ago I wrote the provinces and the municipal associations, particularly, suggesting what was said here last year, namely, that we thought the provinces ought to take some of these smaller areas around the fringe of the areas taken care of by the federal government. As a result of those communications, I had a letter within the last three days —I am not sure of the exact day—from the secretary of the Saskatchewan municipal association, written on behalf of the municipal associations of the three provinces, suggesting that I call a meeting of representatives of the three provinces and the municipal associations to discuss such questions as those just referred to. As yet I have not had time to answer that letter, but it is on my desk now. It did not come from any of the premiers; it came from the secretary of the municipal associations.

Mr. ZAPLITNY: I am glad to have that information, because it throws a great deal of light on the situation. I do hope the minister soon will find time to call such a meeting for an early day, in order to work out the details of the suggestions that have been made both today and previously. I am tempted, of course, to ask whether the Premier of Manitoba is in Ottawa and whether he is making certain suggestions, but I realize that is not the kind of question the minister would be in a position to answer.

Mr. GARDINER: I have not seen him.

Mr. ZAPLITNY: While I am on the subject may I say that if the attitude of the Premier of Manitoba is correctly reported in the newspaper article from which I have quoted—and I have no reason to doubt the accuracy of that statement—then it is quite clear that the government of Manitoba has no crop insurance plan in mind and is not taking any steps whatever to build up a fund or work out a plan for crop insurance on a provincial basis.

Mr. ROSS (Souris): Is any other province doing that?

Mr. ZAPLITNY: I do not know. I am making that statement, only because the hon. member for Provencher said that in his opinion Manitoba should withdraw from the act. I am pointing out that until such time as Manitoba, or for that matter any other province that wishes to take a similar step, has a crop insurance plan worked out and a fund built up, it would not be wise to withdraw from this legislation. That is not something to be done overnight. It will take some years to build up a fund if it is to be actuarially sound, in order to provide provincial crop insurance. Until that is done, I consider it futile to suggest that Manitoba should withdraw from this act, though I freely admit that the farmers of that province have not been receiving as good a deal under this legislation as would be the case if the unit were smaller than the township basis now provided. While we in this house from Manitoba will continue to press for certain amendments, to which the minister intimated a few moments ago he would give sympathetic consideration, in order that the farmers of our province may have a fairer basis for compensation, at the same time I want to make it clear that, as far as I am concerned, I agree with others who have spoken in this debate, that it would not be in the interests of the farmers of our province to seek to withdraw from this act, because we do not know what may happen within the next one, two or ten years.

I also want to endorse what was said by the hon. member for Portage la Prairie (Mr. Miller). I think he expressed a fine sentiment when he said that if the farmers of this country, or those engaged in any other occupation, want to work out a system of collective security for themselves with the assistance of the government they must be prepared to co-operate to the point where they cannot expect to get back immediately every cent they put into a fund of this kind.

I also agree that no farmer in any province would rather collect compensation under this act than have a crop, because the scale of compensation under the Prairie Farm Assistance Act is small change compared with what a farmer gets if he has a half decent crop. The maximum is $500, and in most cases a farmer will get much less. When farming is done on any sizeable scale at all, a couple of hundred dollars is small change these days.

I want to impress on the minister and the house—because after all, this parliament will have to make that decision at some time—that if the principle expressed in the amendment moved by the hon. member for Wood Mountain were worked out in legislation, I think it would cover most, if not all, of the objections which have been expressed to the present provisions of the act. I realize that because of the structure of the rules of this house, it is not possible for private members to move amendments to the act itself, or with regard to the present bill to move amendments

which will involve the expenditure of public money. That can be done only through government action. That is why we want to express our point of view in a concrete way in the form of an amendment to the motion for second reading of the bill. If the government so desires, they may take the bill back, put in the particular amendments which hon. members from both sides of the house have been seeking today. Then, when they bring the bill back to the house, if those amendments we are seeking are in it I am sure they will receive general support in this house. I will leave it at that—

Mr. GARDINER: Of course, if the government disagreed and then the amendment carried, the bill is defeated.

Mr. ZAPLITNY: If the government disagreed?

Mr. GARDINER: Yes.

Mr. ROSS (Souris): You lose everything.

Mr. ZAPLITNY: I did not get the implication. If the government does not agree to the amendment, what did the minister say followed?

Mr. GARDINER: If the government did not agree to the amendment on second reading of the bill and, if that amendment were carried, then, of course, the bill itself is defeated.

Mr. KNOWLES: Oh no; not at all.

Mr. GARDINER: It would be on an amendment of this kind.

Mr. ZAPLITNY: I pointed out a moment ago that if the government desires to make amendments of the kind suggested in this amendment to the second reading of the bill, of course all they need to do is to facilitate the passing of the amendment, take the bill back, put the proper amendments into the bill and bring it back to the house. Then there would be no difficulty.

Mr. GARDINER: The hon. member had better read the amendment carefully.

Mr. ZAPLITNY: On the other hand, if the government is opposed to the amendment in the first place, we know it will not carry in this house. We have had an experience of this type in the past. In fact we have discovered that a motion could even be passed in this house and then, if the government did not like it, they could reverse it in the space of a few minutes.

Mr. GARDINER: If this motion were carried contrary to the wishes of the government, it would in itself be a defeat of the bill. It could be a defeat of the government and of the bill.

Mr. ZAPLITNY: Not at all.

Mr. SMITH (Calgary West): The minister is accustomed to that.

Mr. ZAPLITNY: We are presenting to the government in a concrete form what I suggest is a summary of the suggestions which have been made by various members on both sides of the house today, in the form of an amendment to the motion for second reading of the bill. There is no reason why the government should be opposed to the amendment in the first place. But if they are, of course the amendment will not pass the house, and the bill will still be before the house. As I said, we approve those amendments which are in the bill; but we are seeking to bring in amendments which are not in the bill and which, even according to the Premier of Manitoba, should certainly be brought before the house at an early day.

As a matter of fact, the Premier of Manitoba is reported to be of opinion that the amendment which would put the qualification basis on a smaller area than the township could be put through this house and made retroactive so as to apply to the crop failures of 1947. If I read the bill correctly, I understand that those amendments before us, according to section 5, are to be made retroactive to the first day of August, 1947. If that can be done with respect to those amendments, of course it can be done also with respect to the more important and more significant amendment which we have been suggesting. In all fairness to the members of the house on both sides, who have been discussing this matter quite dispassionately and in a reasonable way, I think the government could accept the suggestions we have made and incorporate in this bill the type of amendment which is required.

Mr. GARDINER: It is absolutely contrary to the general principle of the bill.

Mrs. STRUM: Will you call it six o'clock, Mr. Speaker?

Mr. ZAPLITNY: May I just comment on that last interjection by the minister, Mr. Speaker? He says it is contrary to the principle of the bill. It cannot be, because the principle of the bill is to amend the Prairie Farm Assistance Act; and that is what we are seeking to do.

Mr. GARDINER: I think it may render the act *ultra vires,* if applied in amendment, in addition to that; and there are several other reasons.

Mr. ZAPLITNY: That is a brand new argument which I will not go into at this time.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

BELL TELEPHONE COMPANY OF CANADA

The house resumed from Friday, April 16, consideration of the motion of Mr. Rinfret for the second reading of Bill No. 8, respecting the Bell Telephone Company of Canada, and the amendment thereto of Mr. McCullough (Assiniboia).

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, although this debate has been under way for some considerable time, a matter of such great importance should in my opinion have the careful attention of members in all sections of the house. I might remind the house that it was just about twenty years ago that representations were made to parliament to increase the capital from $75,000,000 to $150 million, an increase of 100 per cent, which, in the terms of the amendment before the house, would seem to be a reasonable amount.

I am sure those who were sponsoring the legislation at that time were of the opinion that no greater increase could be warranted. Now, however, we are being asked to increase the capital from $150 million to $500 million, or an increase of 233 per cent, or about five times the increase granted in 1928.

Let me make it clear at the outset that I have no personal fault to find with the Bell Telephone Company. The service they have given me and my family while we have used it has always been of a very high order. Some of my friends have been employed by the company over a period of years, and I have never heard any criticism of their labour relations or the working conditions.

But, Mr. Speaker, this corporation is now in the monopoly category, and before parliament is asked to put its stamp of approval upon the type of legislation before us we should inquire whether the public interest is being served by this type of legislation.

When the hon. member for Outremont (Mr. Rinfret) was sponsoring the legislation he drew our attention to some information contained in the Canada Year Book for 1947 in connection with the telephone systems of Canada. He mentioned that there were 3,151 telephone systems in 1945. It is interesting to note that, although we have 3,151 systems, one of them has over 60 per cent of the total investment in Canada, whereas the remaining 3,150 have less than 40 per cent.

When reading, the hon. member left out one significant sentence in the paragraph. I am sure no offence was intended but, to keep the record complete, I think I should place it on *Hansard*. That sentence is as follows:

> Of the 2,368 co-operative telephone companies no fewer than 1,121 were in Saskatchewan alone, 785 in Alberta and 212 in Nova Scotia.

Hon. members might find it of interest to have the complete story of the efforts which have been made by people in various parts of Canada to provide telephone service for themselves in areas where the Bell Telephone Company was not interested in making expenditures.

For instance, in 1946 in Prince Edward Island there were 35 co-operative companies; in Nova Scotia, 214; New Brunswick, 9; Quebec, 78; Ontario, 116; Manitoba, 5; Saskatchewan, 1,106; Alberta, 788, and British Columbia 3. This makes a total of 2,354 co-operative organizations which were in the telephone business in 1946.

But the facts are that the Bell Telephone Company is a near monopoly; it controls a very large investment in Canada.

In the *Financial Post* survey of corporate securities for 1946, I find some information which conflicts with that which was given by the hon. member for Outremont in piloting the bill. The survey of corporate securities states that 21·7 per cent of the outstanding stock of the Bell Telephone Company is held by the American Telephone and Telegraph Company.

Mr. RINFRET: I was questioned about one company.

Mr. NICHOLSON: I think the hon. member or some others who are anxious to have this legislation passed and who have not yet spoken should take part in the debate and clarify this matter. According to the information given by the hon. member, only 14·8 per cent was held by the American Telephone and Telegraph Company.

Mr. RINFRET: That is correct.

Mr. NICHOLSON: It is one of the first times anyone has questioned publicly the accuracy of the survey of corporate securities. In view of the fact that it is some little time since the hon. member for Davenport (Mr. MacNicol) first drew this matter to the attention of the house, I think the publishers of

this publication would have made some correction, if they had given this information incorrectly.

I have mentioned that many of the directors of the Bell Telephone Company are interested in many other large corporations in Canada. There is no law against that; but I might mention, for example, that Mr. Sise, the chairman of the board, is also a director of the Bank of Montreal. The Hon. Charles A. Dunning, whose name was mentioned in connection with the Canadian Pacific claim for increased freight rates is also a director of the Bell, a director of the Bank of Montreal and a great many other organizations the names of which I shall not take time to mention. Mr. Angus, one of the Bell directors, is a director of the Royal Bank of Canada; and so on, down the list.

There is no law against that, but I think members of the house should be cognizant of the fact that we are being asked to give special privileges to a near monopoly which apparently is in a field where we should have public ownership. I notice that in 1928 the same objections were made as are being made during this debate. It is unfortunate that in the passing of twenty years so few of those who took part in an important debate are spared to carry on, but it is interesting to note that the hon. member for Broadview (Mr. Church) and the hon. member for Cariboo (Mr. Irvine) were here in 1928. They expressed their views effectively at that time as well as on this occasion. I was interested in reading the comments made by the then member for Mackenzie, Mr. Milton Campbell. On page 3089 of *Hansard* of May 16, 1928 we find a record of his speech. He quoted from a brief which had been presented on behalf of the province of Ontario as follows:

> What a public scandal this is, to have the same directors sitting on the board of the Bell Telephone Company and also on the board of the Northern Electric Company, buying from and selling to themselves, with the assistance of Western Electric Company directors, and fixing the prices among themselves that the poor milch cow, the Bell Telephone Company, shall pay for such apparatus, equipment and supplies. Is it any wonder the treasury of the Bell is depleted systematically when any money appears, and the contents pipe-lined over to the treasury of the Northern Electric and ultimately into the treasury of the American Telephone and Telegraph Company. As a glaring instance of this, let me illustrate by citing the annual dividend payment of eight per cent and two per cent bonus, or about ten per cent paid by the Northern to the Bell, on the latter's share holdings in the former, amounting to $3,000,000. The dividend payment would be about $300,000. This amount is no sooner paid to the Bell than it is sluiced across the international boundary line and into the treasury of the American company as a payment under the 1923 service contract.

Mr. Campbell also complained about the fact that the telephone companies in the prairie provinces were obliged to buy the major part of their equipment from Northern Electric at prices fixed by a company controlled by Bell. According to the *Financial Post* "Survey of corporate securities", the Bell Telephone has the following subsidiaries:

Kamouraska Telephone Company
Ingersoll Telephone Company
North America Telegraph Company
The Southern Ontario Telephone Company Limited
Woodbridge and Vaughan Telephone Company Limited
Canadian Telephone Company
Chapleau Telephone System
Charlevoix and Saguenay Telephone Company
Welland County Telephone Company
Labelle Telephone Company
Yamaska Telephone Company
New Brunswick Telephone Company

It is unfortunate that this whole matter could not be referred to a committee so that we could hear the officers of the Bell Telephone Company and give them a chance to justify the set-up and give their explanations for what has been done. It is significant that no hon. members on the government side have been taking part in the debate and giving us the information to which I think we are entitled.

During his remarks the hon. member for Outremont referred to the future plans of the company affecting rural service. He is reported on page 1701 of *Hansard* of February 27, 1948, as saying:

> The estimated increase in telephones in rural areas in the next four years depends on the company's ability to obtain material and equipment. It is expected, however, that 38,400 additional telephones will be installed and an amount of $25,600,000 spent.

It always interests me that whenever somebody wants to get something done they figure that if they shed some crocodile tears for the poor farmer in any part of Canada they will get full co-operation. I presume it was thought that if some mention were made of plans for rural service it would expedite the passage of this bill to provide an increase in capital from $150 million to $500 million. The hon. member went on to say:

> At the end of 1951 it is estimated that between 65 and 70 per cent will have service in the rural areas. These figures will be very close to the development in urban areas.

I made a study of telephone service in rural areas in Canada; and I wish to draw the attention of the house to the dominion bureau of statistics housing census of Canada for 1941, dealing with automobiles, radios, telephones and vacuum cleaners in Canada. I should like to give the house the percentages of the population having telephone service in the different

provinces, broken up into total; farm; rural not farm, meaning those living in small villages, neither on a farm nor in a city; and urban. The percentages are as follows:

	Total	Farm	Rural (not farm)	Urban
Canada	40	29	28	50
Prince Edward Island	22	17	16	36
Nova Scotia	33	26	17	47
New Brunswick ..	27	16	18	46
Quebec	33	16	16	41
Ontario	52	51	39	57
Manitoba	33	24	22	45
Saskatchewan ...	32	32	26	34
Alberta	28	18	13	44
British Columbia	48	19	31	66

Members will note that, as far as rural telephone service is concerned, Ontario places first, Saskatchewan second, Nova Scotia third, Manitoba fourth, British Columbia fifth, Alberta sixth, Prince Edward Island seventh, with New Brunswick and Quebec being tied with 16 per cent. I do not know how the hon. member for Outremont can expect members of parliament to accept the claim that by 1951 it is estimated that 65 to 70 per cent of those in rural areas will have service, when in the period from 1880, when Bell first started to function in Canada, to 1941 the best that could be accomplished was 29 per cent. In the areas which the Bell is serving in Quebec and New Brunswick the farm percentage is 16 per cent. I am sure it will be difficult to increase that ratio by 1951 from 16 or 17 per cent to 65 or 70 per cent as the hon. member for Outremont has mentioned. It is very important that people in the rural areas should have telephone service in case of sickness, when life and death may hang in the balance.

We cannot allow a bill of this kind to pass without drawing attention to the fact that the Bell Telephone Company has been chiefly concerned in going into the larger cities where the greatest amount of revenue can be got most easily. In the province where it has its head office it gives a very good service in the big cities; but, according to the 1941 statistics, in rural Quebec only sixteen farm families out of one hundred have a telephone service. The people in the rural parishes in the province of Quebec and those who work on farms in outlying areas should have this modern convenience which is regarded as almost a necessity by most people, and so I think the sponsor of the bill should have some comment to make on the plans of the company to improve its service particularly in the rural districts of Quebec and New Brunswick. In Ontario the ratio is much better, but there I understand that the Bell Telephone Company cannot claim the credit for promoting the construction of rural telephone lines.

[Mr. Nicholson.]

Another passage in the speech made by the sponsor of the bill deserves careful examination. At page 1704 of *Hansard* he is reported to have said:

> Section 5 of the bill, which deals with wireless and radiotelephone services, is intended to clarify the company's powers under its original act of incorporation with regard to the use of the latest improvements in the art of telephony, including radio and wireless telephone and television, in providing the communication service which it furnishes. Wireless and radiotelephone is a comparatively new development in the art of communication and lies in the field in which the company operates. It is important not only to the company but to the public service which the company provides that there should be no question as to its powers to furnish service by this means.

I cannot find anywhere authorities who take it for granted that this is a field which has been assigned to the Bell Telephone Company. With the developments that are taking place in wireless and radiotelephone services, it seems to me that section 5 of the bill should not be accepted in principle. If this bill had been presented to parliament without this particular section we should not have had as interesting a debate as we have had. Those of us who are concerned about public ownership cannot accede to the handing over to a privately owned company of the monopoly to operate wireless and radiotelephone services.

Further on, he said:

> Wireless telephone or radio is assuming increasing importance in the economical development of the telephone system. Developments in recent years have progressed rapidly and there is every likelihood that wireless telephone or radio systems capable of handling large numbers of communication channels over long distances may in many cases prove to be an economical alternative to the use of wire lines. Since the economical development of the company's system involves the use of such new developments as become available, it is planned to use wireless telephone and radio systems as an alternative to wire lines.

I hope, Mr. Speaker, that the member for Outremont will not ask parliament to approve the principle of a bill containing such objectionable provisions.

In concluding, Mr. Speaker, I must not overlook to pay a tribute to my close neighbour the hon. member for Davenport (Mr. MacNicol), who made such an outstanding contribution in the earlier stages of this debate, also the hon. member for Broadview (Mr. Church), who was able to speak as eloquently in this debate as he did twenty years ago. I am glad to be associated with these two outstanding Canadian citizens in a struggle to keep for the people the right to have public ownership in the field of communication. I submit, Mr. Speaker, that the bill should not pass in its present form.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I shall detain the house for only a few moments, and the effort which I shall make is an appeal to the C.C.F. to stop this filibuster. I shall be reasonable in the moderate language I use and shall make no wisecracks or smart replies. I am anxious that this house, particularly these hon. gentlemen to my left, should see just where we are going in the attitude which they have taken.

Since confederation incorporations of this kind have been made by the dominion parliament, but if the C.C.F. persist in the line which they have now taken, that power of this parliament is taken away from it completely. It will mean that a small group of people, with the limited time which we now have owing to major matters of importance which have to be discussed here, can gather themselves together and destroy a power which rests in this parliament. That is exactly what we are witnessing at the present time.

May I absolve myself immediately from any connection with the Bell Telephone Company. We do not have it where I live, and I have no acquaintance whatsoever with any officer of that company. It is spread wide in this area of Canada. A lot of figures were given just now. I speak only of the province of Alberta, but I think it is also true of the province of Saskatchewan. Alberta had a rural telephone system but it was a complete failure through lack of support. Therefore we have today in that province the farmers grouping together and forming their own organizations, maintaining their lines and so on, in order that they may have telephone service. In other words, the government of that province could not support rural telephones. Although I do not make it as an accurate statement, I think it is true of Saskatchewan also.

Two things seem to be at issue; one, the increase in capital. I have no hesitation in saying that at the moment, without knowing more than has been given to us here, it seems to me too large an increase. That is said without any complete examination of the facts. But on the run-of-mine reasons, if I may say so, that influence our minds it strikes me as a tremendous increase.

The other thing they say is that the Bell Telephone Company should have the authority in brother fields or fields of the same type of communication. I do not agree with them in that. Any company which is dealing with communications must have an eye to the future. I wonder, sir, how many hon. members in this house have read the address recently given by Mr. Frank Stanton, president of the Columbia broadcasting system, whose acquaintance over a very good lunch I had an opportunity of making; and that is my only connection with him. He paid for it and we had a very good lunch. He visualized within the next twenty-five years, and with authority, that you would have a vest-pocket radio not larger than your watch, and you would also have a sending set not larger than your watch, with which you could communicate with your wife and tell her that you would be late for dinner, or whatever message you cared to send.

He also said that it is well within reason—these are not imaginings; they have gone a long way—that when you telephoned somebody you would see the person at the other end to whom you were talking. That will stop a lot of fellows calling up somebody and saying you are talking to your wife, because it may be the maid to whom you are talking or somebody else in your house. Then it is well within reason that within ten years when you get up in the morning and go to your radio you will have a newspaper in that radio in colour, folded and so on and you will have the news at your breakfast when you sit down to eat your morning meal. What company like the Bell Telephone Company should not anticipate things of that kind which are anticipated in radio and which are certainly well within reason within twenty-five years?

To hear some of my friends speak, one would think Alexander Bell was an enemy of society instead of being one of the greatest men that this world, and particularly this Canada, ever gave birth to.

Here is my point, and here is my appeal. Why not let this bill go to a committee? Cut down the capitalization if it is too high; eliminate some of the powers which are sought if they do not justly belong to this company. But let it be stopped now and never said of this parliament that a small group by a filibuster can thwart laws which we all have thought sound since 1867. Go to that committee and amend the bill in any way you wish. You can cut down the powers; you can cut down the capitalization. There you will have before you men who must justify what they are asking for.

It does not seem to me to be within the mouth of anyone to say that the sponsor of a bill of this kind should supply the House of Commons with complete explanations, authorities and plans for future operations and construction. None of us would ever sponsor a bill in this house, unless it were something with which we had grown up, some business with which we were entirely

familiar if that were so. I doubt very much even whether hon. members who sponsor bills with respect to divorce would be able to rise in their places and do what they do here with respect to such bills. Therefore I make this submission in all sincerity. I think I cannot be accused of rudeness or unkindness of any sort, but I do say: let this go to a committee; let us examine the people who want this, the officers of the company. We can send for them. If the $500 million is out of line—at the moment I think it is—we shall make them justify it.

What is at the bottom of this? In opening on this matter the leader of the C.C.F. party said that this company may grow to a size where it would be difficult for a government to take it over and operate it. I am paraphrasing, but that is exactly what he said. Is that a reason? Because a political group say that,—I have told them again and again that I respect their views, and I do—is that a reason why obstruction—because that is what it is—should be carried on in this House of Commons to make us who are supposed to be powerful in legislation the laughing stock of any man of business; and by that I mean anybody who earns his living or operates a business or anything of that kind?

Let me close with this. I will go with them on a committee to bring everybody before it whom they want. I do not think I am on the committee, but probably I have a friendly fellow member who is, and we shall be able to bring anybody here whom they want. But for us now to be compelled to withhold judgment because a group, for purposes best known to themselves, delay this matter and talk it out, so to speak—I think the words "talk it out" are to the utter disgrace of this whole House of Commons—something should be done so that these things cannot be talked out. I am thinking of the hon. member for Vancouver North (Mr. Sinclair) and the hon. member for Quebec-Montmorency (Mr. LaCroix). If this sort of thing is allowed to continue what does it mean? It means that the smallest group, two men within an hour, can ruin what the rest of us want. Therefore I appeal directly to my hon. friends and say to them: let us have the committee; let us get the evidence. If you want to alter it, alter it in committee; if you want to defeat it, defeat it on third reading, but let us have an end to this one-ring circus which is operating in this house at this time.

Mr. EDOUARD RINFRET (Outremont): When this bill was called the first time for second reading I made as full and complete a statement to the house as I could. I took every minute at my disposal in the forty minutes that I had. I might say right away to the hon. member for Selkirk (Mr. Bryce) that the reason a private member is presenting this bill is simply that a minister cannot present a private bill. The reason I had prepared a statement at that time was to crowd in as much as I possibly could in as few words as I possibly could use. Because I spoke for forty minutes, I was congratulated by some hon. members on the other side on helping them to talk out the bill.

If one reads the introductory statement that I made he will recognize that practically every obstacle and every objection that have been made to the bill have been answered. This is a private company, first of all, and there cannot be any question of public ownership at this time. It is a private company, duly incorporated; and surely the principle of this bill is not whether or not this company can be publicly owned.

I gave a long history of the company to show that this was not a monopoly of the octopus type that my hon. friends on the other side wish it to appear. In the beginning the company had authority to cover the whole of Canada except British Columbia. In January, 1908, they relinquished the territory now comprising Saskatchewan, Alberta and Manitoba. Later they relinquished the territory taking in New Brunswick and Nova Scotia. In Quebec and Ontario they have retained a certain amount of the territory, though not all. They are not a "grab-all" concern. They are a competitive monopoly carrying on business in Quebec and Ontario with 893 other companies, 578 in Ontario and 315 in Quebec. There are also thirty-three other non-connecting companies or systems.

If my hon. friends wish to call this company a monopoly in the sense used the other day by the hon. member for High Park (Mr. McMaster), when he said he could not dream of two telephone systems operating in the same area; if that is what they mean by a monopoly, I am with them and this company is a monopoly. Within its territory there is only one telephone system. But it is a monopoly that is fully and completely controlled by the board of transport commissioners. Its rates have been subject to regulation since 1892. It has been subject to all pertinent provisions of the Railway Act and the regulatory jurisdiction of the board of transport commissioners since 1906. The issue of capital stock has been subject to the jurisdiction of the board since 1929, or for the past nineteen years. No other private company in Canada is so well controlled by the board of transport commissioners.

Objection has been taken to the increase in capital. I submit that this is not a principle of this bill and should not have been discussed on second reading. In my statement I gave the financial position of the company at the present time. I gave details as to the intended construction and gave the estimate of the company at that time, amounting to over $700 million. I did not separate the amounts in the various years. They are as follows:

1948	$74,000,000
1949	76,000,000
1950	71,000,000
1951	71,000,000
1952	70,000,000

For the following five years an expenditure of $68,000,000 a year is anticipated. A moment ago the hon. member for Mackenzie (Mr. Nicholson) said we were trying to make stock by appealing to the rural areas. I did not say the whole of the province of Quebec was controlled by the Bell system, but only part of it. And I said in my introductory remarks that within the Bell system area in 1945 some 39 per cent of the establishments had service. In 1947 this figure had reached 55 per cent, and it is estimated that by 1951 between 65 and 70 per cent will have service. That is within the area served by the Bell system, not the other companies. That was my statement and I repeat it.

Mr. NICHOLSON: Does that mean that percentage of the people have telephones in that area?

Mr. RINFRET: Yes, in the area served by the Bell system.

In my introduction I also said I realized the increase was substantial, but that the program contemplated is also substantial. In my final remarks I said hon. members would have full opportunity in committee to examine the various questions involved.

During this discussion three suggestions have been made by hon. members who have let their imagination run wild. One was that this amount of money was to be used to purchase the provincial systems. My answer to that is an emphatic no. Another hon. member thought we might use this money to build a line through the United States to by-pass the western provinces in order to deprive them of large revenues. My answer to that is that there is no such intention. At the present time there is a line operated by the Trans-Canada telephone system, which is some sort of co-operative system in which all telephone systems including the provincial systems share both as to revenue and as to cost of operation, and which serves as a sort of clearing house for the purpose. So there is no such intention.

Another hon. member suggested this additional capital might be used to purchase, through War Assets, a complete communication system developed during the war by the army, navy and air force. There again my answer is that there is no such intention. The new capital will be used as I have indicated, to extend the company's plant and facilities in Ontario and Quebec, and there is no intention on the part of the Bell company to invade the territory of any other system in those provinces.

Another matter brought up was the splitting of shares, and again I suggest that is not the principle of the bill. I might say to the hon. member for Assiniboia (Mr. McCullough) that never before has the Bell company split its shares. This was imposed in the other place. It does not mean any change in the situation for the shareholders, except that out of the grand total they will have four times as many shares. The ratio will remain constant.

As far as revenue is concerned, the hon. member for Cariboo (Mr. Irvine) spoke of ten per cent which might be reduced to two and one-half per cent. That is impossible. The percentage will remain the same; it will be eight per cent, but it will be eight per cent on $25 instead of eight per cent on $100. Since the shares are now selling at $165, however, the percentage of dividends at present is 4·65.

Someone brought up the question of radio and television. Again that is not the principle of the bill, but of only one section. The company has no intention of going into the business of broadcasting radio or television programs. It will continue, as it is doing at present, to link various programs initiated by others. It has the power, which it asks to have confirmed, to operate in the radio-telephone field. This it does under proper licence obtained from the Canadian Broadcasting Corporation, which permits it to operate mobile telephones and the like, in order to bring service to outlying districts and in order to have it as stand-by equipment in case of storm damage, and so on.

I dealt with all these matters in my introductory remarks. At that time I did not deal with rates, because I did not consider that matter came in on second reading. The principle of the rates is quite a complicated matter, which might be fully dealt with in committee.

One thing I should like to explain is the question of free connection. If every hon. member would take a pencil and piece of paper

and put two dots on the paper representing two telephones, in order to connect those telephones they will require one pair of lines. If they add one more dot, representing a third telephone, they will have to add two more lines, so that there the ratio will be one to one as against one to two as it was before. If they add another telephone, they will have to add three lines, making six lines for four telephones. If they go on to five telephones they will require ten lines, or a ratio of two to one. If they continue on to ten telephones and interconnect them they will have forty-five lines connecting the ten telephones, or a ratio of 4·5 to 1. If they go on to 10,000, which is the limit for a central office, they will require 49,995,000 lines to connect them, or a ratio of 4,999·5 to 1. That is why it is more expensive to instal telephones in large cities.

The Bell company has been said by hon. members everywhere to be a well managed and efficient company. We are told that they have a fine group of directors, who are jealous of the reputation the company has built up for service and efficiency. They wish to keep that wonderful reputation. They wish to maintain good relations with their employees, so that those employees will be able to say, as the hon. member for Churchill (Mr. Moore) said, that this is one of the best of private companies for which an individual could wish to work.

They want to keep that reputation among their clients, and at the present time they are concerned because they cannot provide a better service than they are doing. They are concerned because there are 95,749 unsatisfied applications for service. That is an increase of 1,700 over the figure I quoted last time. There are some 69,000 reported cases of people having a party line who would like to have a single line. There are some thousands of people like myself in the country who would like to have single lines but who cannot obtain them.

In 1902, by chapter 41 of the statutes, parliament imposed upon the company the obligation of furnishing telephones on demand. They are not in a position to do so today. They ask to be put in that position. They are operating a public service and they know it. They are trustees for the public and they know it. That is why they come before parliament and they say, "We need what we are asking in this bill in order to be able to discharge our obligations to the public. We expect to be obliged to explain why we need those powers." Are we to refuse this company the opportunity to discharge its obligations? Are we to deny to people who have not a telephone today, the use of a telephone service?

The principle of this bill—and that is the only principle which applies to the whole of this bill—is whether or not we shall authorize this company to perform its obligations toward the public. The company says it needs the provisions contained in the bill. The hon. member for High Park says that the Bell Telephone Company is all the time trying to find out what the necessities of the future will be. Then I ask hon. members to let this bill go to the committee. The committee will study it attentively. It must do so. It is its duty to do so, because it is an important bill. The committee will decide whether or not the company is entitled to obtain what it asks for.

We are on second reading of a private bill. I wish to refer hon. members to Beauchesne, third edition, notation 769. There they will see that on second reading of a private bill the situation is different from that on second reading of a public bill. The second reading of a private bill is only a conditional approval of the principle. It is conditional upon proof before the committee of the various facts that are set out in the bill. That appears in notation 769 of Beauchesne. Therefore the objection that has been made, that if we give second reading to this bill the principle will be accepted, does not hold water. The principle is accepted only conditionally. If the company cannot prove what it advances; if the experts cannot show that they need this money, then the committee is entitled to reduce the amount or to do whatever it pleases.

Everybody knew this rule, or at least everybody is supposed to know it is there. That is the rule with regard to a private bill. What are we met by? We are met by a sugar-coated six months' hoist by the hon. member for Winnipeg North Centre (Mr. Knowles), which is meaningless in the light of this notation 769. I think the purpose of the amendment was just to kill the bill. We are also met by another amendment by the hon. member for Assiniboia (Mr. McCullough), an amendment which also is meaningless, because it would mean that we amend the Companies Act in a private bill. I will ask you, Mr. Speaker, to declare this second amendment absolutely out of order.

"This bill has been pretty well discussed." That is the hon. member for Selkirk speaking. The C.C.F. group has made its position clear on this bill. The hon. member for Winnipeg North Centre spoke. If, as the hon. member

for Cariboo (Mr. Irvine) says at page 2829 of *Hansard*, they are not trying to talk out the bill because it would not be democratic for him or anyone else to occupy all the time on this or any other bill in order to prevent it from coming to a vote, then I say: let it go to a vote. We have already voted on the question, and the decision of the house was three against one. Let us go to the committee in order to give to this company what the hon. member for Broadview (Mr. Church) asked for, namely, a fair, square, honest and honourable consideration of the bill on its merits. Let us not prejudge the merits until we get to the committee.

Some hon. MEMBERS: Question.

Mr. ZAPLITNY: Mr. Speaker—

An hon. MEMBER: Shame.

Mr. F. S. ZAPLITNY (Dauphin): I hope that we in this parliament will never reach the time when a private member of this house will feel shame at rising to his feet to exercise his democratic right to speak. I want to say at the outset that, as a private member of this house sitting in the opposition, I resent another member sitting in the opposition getting up and handing us a curtain lecture about a filibuster.

Mr. SMITH (Calgary West): Is any of it untrue?

An hon. MEMBER: Not a word.

Mr. BENTLEY: Every word of it.

Mr. SKEY: It is nothing but the truth, and the hon. member does not like it. He can dish it out, but he cannot take it.

Mr. ZAPLITNY: The hon. member says I do not like the truth. He does not seem to realize, nor do hon. members who interrupt, that, when the hon. member for Calgary West (Mr. Smith) was castigating those who were exercising the right to speak—and incidentally he spoke ten times as long as I did when I rose to speak on this matter—he was also castigating the members of his own party, the hon. member for Davenport (Mr. MacNicol), the hon. member for Broadview (Mr. Church) and the hon. member for High Park (Mr. McMaster). All those hon. gentlemen rose and spoke on this bill; and I ask them, do they like the truth or do they not?

Mr. MacNICOL: And the hon. member for Vancouver South (Mr. Green).

Mr. ZAPLITNY: Yes, and the hon. member for Vancouver South. Surely they do not want to attribute to other members of the opposition motives which they would not accept for themselves. I am sometimes surprised that a party—

An hon. MEMBER: I am not surprised at anything.

Mr. SPEAKER: The hour for private bills having expired, the house will revert to the business before six o'clock.

ROYAL CANADIAN MOUNTED POLICE

CONTRIBUTORY SUPERANNUATION SCHEME—COMPENSATION FOR INJURY SUSTAINED IN COURSE OF DUTY

Right Hon. J. L. ILSLEY (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Royal Canadian Mounted Police Act to make provision *inter alia* for a contributory superannuation scheme for future members of the force and present members who elect to come thereunder, and also for the granting of compensation to members suffering injury in the course of duty and pensions to widows and children of members losing life in the performance of duty.

Motion agreed to and the house went into committee, Mr. Golding in the chair.

Mr. ILSLEY: I asked that this order be taken up now, Mr. Chairman, because I feel that it should not take any time at all to dispose of it. The resolution is self-explanatory. As members of the house probably know, the pension scheme for the Royal Canadian Mounted Police is based upon an entirely different principle from that which applies to the armed services and to the civil service; and it has been thought for some time that it was desirable to apply the same principle in the Royal Canadian Mounted Police as applies in the other services. This is the main and practically the sole purpose of this bill. The bill is a fairly lengthy one, and it is almost impossible to discuss it intelligently on the resolution. Therefore I hope the resolution will pass the committee and be reported back tonight, so that the bill can receive first reading. Then, if the time is opportune it can have second reading on Monday, or as soon as we can get to it. The bill can be circulated immediately, or at least tomorrow morning.

Mr. DIEFENBAKER: Mr. Chairman, I do not intend to discuss the resolution at this time. However I should like to make one thing perfectly clear. Since this would appear to be the only amendment to be brought in this year regarding the Royal Canadian Mounted Police, I suggest to the minister that when second reading is proceeded with on Monday,

if in discussing the principle of the bill certain suggestions are made outside its exact ambit. no objection should be taken. Anything that can be done to have this legislation expedited will, I am sure, meet with the approval of all hon. members. But I wish to make it perfectly clear that a number of members wish to make some observations regarding the general administration of the mounted police; and I trust no objection will be raised, in view of the fact that we are consenting at this time to expedite the passing of the resolution and first reading this evening.

Mr. ILSLEY: Mr. Chairman, the bill is a long one, and I shall take no exception to any suggestions made for the improvement of the mounted police.

Mr. CHURCH: I am glad that at last the government is going to do something by way of superannuation for the Royal Canadian Mounted Police. Their duties have increased about fourfold owing to the war, and the conditions following it. I am glad to see that the scheme is a contributory one for those members who are at present on the force, if they wish to come in, and for future members.

The minister has added on some of the ordinary provisions which superannuation schemes of civilian police forces throughout the country have had in the past. We have, in connection with our Toronto police force, a contributory system under which the members of the force pay in seven per cent of the fund. But that did not provide for those constables who might be injured in the discharge of their duties, or for widows and orphans.

I am pleased to see that the proposed superannuation scheme is a contributory one; it should not be any other way. It is also pleasing to note that it makes provision for those extra emergencies as will be found in the systems of superannuation in municipal police forces of the country—injuries while on duty, and widows and orphans.

There is one other matter in this connection about which I should like to speak. As I said, the rate used to be seven per cent for the Toronto police force. Then an actuarial report was made by Mr. N. A. Mackenzie, an economist; and he found that, owing to the large number who would be superannuated, the fund would become insolvent. For that reason the city of Toronto had to make provision for the sum of $40,000 over a period of ten years to make it solvent.

It might be said that, since this involves an arrangement between employer and employees, this system might be placed under the Workmen's Compensation Act. However, that could not be done because, like some other public bodies, including public utilities, they had to qualify under the Workmen's Compensation Act, and under the heading of employers and employees. It will be recalled that that act also operates on a contributory basis, and the contributions have reached a very large sum. The more employees and employers contribute, the better for the fund and for the economic condition of that fund.

I admit that a scheme of that kind could not be applied to the mounted police. They are performing a duty which does credit to the minister and his department. Their work has been greatly intensified in the years since the war, and it must be a heavy burden upon the Department of Justice. However, the force is attracting an even better type of men, and they are all very good. Those men are doing excellent work and, so far as I can see—and I see quite a few of them—I would say that they are doing good work.

A great part of the work of the Royal Canadian Mounted Police today comes under the system which has been in operation since confederation, a system through which the enforcement of federal law comes under provincial attorneys general. They, in turn, turn it back to the municipalities, and the municipal police systems.

That is a condition which should not obtain. I believe the time is coming when the Minister of Justice will have to give some compensation to the municipalities which are doing a large part of this work. We know that the municipal police systems throughout the country are enforcing federal laws, and they get nothing for it. It is a direct charge on real estate.

I believe the system should be expanded so that the government could grant to the municipal police systems of the various provinces moneys for the services they render. For example, during the war the city of Toronto spent sums of money running into millions of dollars to maintain our police force and in the enforcement of justice, but the Toronto police commission does not get a dollar from any federal authority for the enforcement of federal laws. Yet they had to enforce tens of thousands of orders in council. I believe there were, all told, over 100,000 orders in council during the war. That was a burden placed upon the municipal police systems, so far as enforcement was concerned.

May I compliment the present minister upon the work he has done since taking over the department. It would appear that in this measure we shall at last have something to offer an even better class of men, many of whom are returned soldiers. They and their

families will now have some better protection when they meet with banditry across the country, risking their lives in every day of the year. Some provision will be made under the new system for widows and orphans of those men.

Mr. BRYCE: Will the proposed superannuation scheme be exactly the same as that now in force in connection with wardens in the penitentiaries service?

Mr. ILSLEY: No, it will not be the same. I cannot at the moment set out the various points of difference, but there are some.

Mr. BRYCE: I shall deal with them later, then.

Mr. SMITH (Calgary West): Mr. Chairman, I am very much in favour of the principle of this bill. I believe I have had association with the mounted police as close, perhaps, as that of anyone here. For fourteen years I prosecuted and for sixteen years I defended. I met only one member of the mounted police among hundreds—and I mean hundreds—concerning whose integrity I ever had any doubt. I wonder if the same could be said of any other group of persons anywhere. I know the time they have put in; I know the care they take; I know the learning they must acquire—and they must learn it pretty much by themselves.

It has been said thousands of times—and it cannot be said too often—that for the finest police force in the world this parliament cannot do too much. In my judgment it is only now beginning to be fair to that splendid body of men.

Mr. KNOWLES: May I ask one question? If it is too big a question I shall not press for an answer. The wording of the resolution indicates that the bill will cover other matters besides those referred to in the resolution. Are those other matters many and could the minister indicate what they are?

Mr. ILSLEY: I have concentrated so much on the main provisions of the bill that I cannot give an indication of what else there is. I did know about them a few months ago, but I do not at the present time. The main provisions of the bill are indicated in the resolution.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 211, to amend the Royal Canadian Mounted Police Act.

Motion agreed to and bill read the first time.

PRAIRIE FARM ASSISTANCE ACT

AREAS SURVEYED AS SETTLEMENT OR RIVER LOTS—LAND IN ELIGIBLE AND INELIGIBLE TOWNSHIPS

The house resumed consideration of the motion of Mr. Gardiner for the second reading of Bill No. 204, to amend the Prairie Farm Assistance Act, 1939.

Mr. SPEAKER: We have before the house an amendment which was moved by the hon. member for Wood Mountain (Mr. Argue), seconded by the hon. member for Dauphin (Mr. Zaplitny), reading as follows:

That Bill No. 204 be not now read a second time, but that it be resolved that in the opinion of this house the government should give further consideration to extending the provisions of the Prairie Farm Assistance Act to other specialized crop areas, also that the benefits under the act should be increased, and that steps should be taken toward the making of awards on an individual farm basis.

I have considered the amendment very carefully and have to rule it out of order on two grounds. First, I would call the attention of hon. members to citation 551 of Beauchesne, second edition, which reads:

It is a fundamental principle that no resolution or amendment to increase a charge upon the people can be moved with the Speaker in the chair; it must be initiated in committee by a minister acting on behalf of the crown.

I would also call attention to citation 760 which reads:

The principle of relevancy in an amendment governs every proposed resolution, which must, therefore, "strictly relate to the bill which the house, by its order, has resolved upon considering" and must not include in its scope other bills then standing for consideration by the house. Nor may such an amendment deal with the provisions of the bill upon which it is moved, nor anticipate amendments thereto which may be moved in committee, nor attach conditions to the second reading of the bill.

For those two considerations I declare the amendment out of order.

Right Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, the bill before the house is to amend the Prairie Farm Assistance Act. As has been stated by a number of members, this act was placed upon the statute books in 1939 for the purpose of taking care of conditions that had developed in an area of western Canada subject to drought. The proposal has been made by some hon. members that there should be a zoning of the three western provinces in order that different payments and different collections might be made in different areas.

I would point out that when the bill was first drafted and passed by this house in the

form of the present act that question was fully discussed. One of the reasons it was not thought possible to zone successfully and to the advantage of the farmers was the very point made by a number of members. I think this was emphasized more by the hon. member for Lake Centre (Mr. Diefenbaker) than by the others.

The suggestion was made that the problem which exists could be taken care of by insurance. The hon. member for Lake Centre and others questioned that on the ground that under no plan of insurance could one raise sufficient funds on an actuarial basis to take care of the losses which would occur in the drought areas of western Canada. Because of that fact, it was thought wise that the basis upon which funds would be obtained to take care of the losses ought to be as broad as possible.

In other words, it was felt that there should not be any zoning in order to obtain funds, that the basis should be the whole of Canada, not the province of Manitoba or the province of Saskatchewan or the province of Alberta. It was felt that the only way in which to get sufficient funds to take care of losses which might occur through drought in western Canada was to collect money at the expense of all Canada. I only need to hold up a map of each province showing what has occurred this year in order to indicate why that is true.

This is a map of Manitoba showing the condition in 1947. The red areas are those having under four bushels per acre and the blue areas are those having under eight bushels but more than four bushels per acre. The areas affected are this block in the Dauphin area, this block in the Red river area and this block in the western area. It does not show up as much on this map as it does on the others because the areas affected in Manitoba are not large.

This is a map of Saskatchewan showing the areas affected by drought this year. We hear very little in other parts of Canada about drought this year out west, but if hon. members will look at this map, they can see that the greater part of the province is affected. A considerable part is under four bushels to the acre with a larger part being under eight bushels.

Taking the map of the province of Alberta while the area is not large one must remember that the agricultural areas of the other provinces are not as large as that of the province of Saskatchewan. However, you can see all down the east side of Alberta up north and west of Edmonton is affected. These are maps for this year only.

[Mr. Gardiner.]

I repeat, we are not hearing very much with regard to the difficulties that the farmers in western Canada are experiencing as a result of drought. I indicate these areas which are affected only to point out that if you are to take care of areas like that by any means of assistance, the area against which you are going to levy the collection must be a very large area. So we said: We will take one per cent on all the grain delivered in the prairie provinces. That is the first source from which we get funds. Then we provided that in addition to that, we would take all the money that is necessary in order to make up the amount that is to be paid from all the taxpayers in Canada. In other words we take the very broadest basis that can be taken for the collection, and then we make the payments in the areas that are affected by drought. So I suggest that it would not be wise to narrow in any way the basis on which the amounts are levied.

Someone has suggested that this is somewhat similar to unemployment insurance. It is in this sense that a certain amount is paid by the treasury. Someone has suggested that if we paid 50 per cent of the amount into the fund we could administer it on an insurance basis. On the basis on which we have been operating, we have paid out of the federal treasury two-thirds of the amount, and the other one-third has been collected at the rate of one per cent on all the grain delivered. Under unemployment insurance the government pays 20 per cent into the fund, the employer 40 per cent and the employee 40 per cent. But under this prairie farm assistance plan as it has worked out, the government is paying about 66⅔ per cent and the farmers, not only the farmers who may obtain benefits under it but all the farmers in that area, are paying the other one-third under compulsion.

I do not think it would be wise, at any rate at this stage, even to attempt to put it on an insurance basis, even if the federal government had the authority to do so. But we have always been informed, ever since this legislation was first considered, that it would be ultra vires of the authority of this parliament to pass legislation providing for insurance in connection with losses of this kind. For that reason, if we were to adopt the insurance plan, it would have to go back to the provinces, and for the reasons I have given only one of the provinces, namely Manitoba, would have a chance of surviving under such an insurance plan. The other two provinces, under no system of assistance that could be given on an insurance basis, could survive.

If we needed any further proof of that we have only to remember that, following the advice we have received back over the years that only the provinces can bring in an insurance plan in connection with crops, we have had provincial schemes in connection with hail insurance. The losses from hail are not anything like the losses from drought; yet, in spite of that, every one of these provincial schemes has run into difficulties in financing on a provincial basis and some have given it up altogether, leaving the insurance to go back to private companies. So I would suggest to those who are urging that this should be put on a basis of insurance that the area from which you could collect for it would be altogether too small, even if you applied it to all of western Canada.

Some say, Why should we spread the collection over other parts of Canada? I remember the arguments in 1939 with which the house agreed, and some of those arguments have been heard in this house on a number of occasions during recent days in discussing another matter. It is generally acknowledged throughout Canada that the great development we have had in this country from about 1890 onwards was due to the railway development in this country and its association with the opening up of western Canada. I think it is generally agreed in all parts of Canada that we could not have had the great industrial development we have had, and certainly we could not have maintained our railway organizations on the standard on which they have been maintained, had it not been for the production of the area with which we are concerned when dealing with prairie farm assistance.

One other point ought to be made. When we were discussing this question in 1939 the idea that was in the minds of many people in Canada was that the area which we were talking about had been proven to be nonproductive. Some people even went so far as to say we ought to move out of that area the one million people who had settled in it. Well, we did not do so. Since then, we have gone through the war, and during the period from 1939 down to the present we shall have paid into that area under the scheme by the end of this year $90,000,000. Of that amount we shall have collected $30,000,000 from the farmers in western Canada and we shall have paid out of the treasury of Canada approximately $60,000,000.

Mr. MacNICOL: Would the minister describe that area in a little more detail. What does it comprise? Does he mean in all the drought area?

Mr. GARDINER: In all the area pictured on the maps that I held up. As I was saying, about $90,000,000 has been paid to the farmers there, $60,000,000 of which has been paid out of the treasury of Canada, the other $30,000,000 being put up by the farmers paying the one per cent levy. What I want to say about that area is this. While we might have thought it had served its purpose so far as producing food products is concerned, nevertheless during the war we have taken more tonnage by a very considerable amount out of that area in the six years of the war than was ever taken out before in a six-year period. In the years when we were breaking up the new prairie and seeding it to cereal crops we no doubt surprised all people living outside western Canada with the production of that area. Then we ran into the drought period from 1930 to 1937, and many people outside that area had the idea that we were through producing in that area. But, as a matter of fact, from 1939 down to the present we have produced more in the area that is known as the drought area in western Canada than was ever produced in it in a corresponding period since it was first broken up. In other words, it is a case of our keeping people in that area and teaching them how to live and how to handle their land to the best advantage, and if that is done over one or two generations they will know how to live there and will be able to produce enough to keep a greater population in the area.

Mr. BLACKMORE: Has the minister figures to indicate the production since 1939?

Mr. GARDINER: I have not them here at the moment; I could give them fairly closely, but I think it is generally acknowledged by all members of the house that the production is very much higher in the area. The reason, then, for continuing this act and for extending it to some extent is the fact that the area is productive; and the reason why all the people in Canada have been willing to pay toward the maintenance of the scheme is that shipments of food out of that area have supplied employment and food for people not only all over Canada but in other parts of the world, and during the war it was the source from which much of the surplus food came that made it possible for us to maintain our armies overseas. I think that is all I need to say with regard to that question.

There are a number of matters which have been brought up by hon. members with regard to which I should say a little. Some have said that we should base the decision as to whether we are to pay on a smaller area. I am surprised to find that many of those

dealing with this question still talk about wheat and so many bushels per acre as though they were the main consideration. That is not the consideration at all under this act. We do not care whether the people grow wheat or whether they run cattle. We are not concerned whether they grow feed grain or flax or what they may grow. We use wheat only as a barometer to tell whether it has been dry weather in the area or not, and we believe that wheat yield proves whether it has been dry or not better than any other crop that is grown, and it is grown more generally over the area. Therefore we say that if the farmer has not produced more than four bushels to the acre on an average, it is proof that it has been dry. Whether he has been running cattle or no matter what he had been doing, he is entitled to payment. We say further that, even if there is a farmer in the district—and this is one of the reasons why I am not in favour of dealing with individuals—who had twenty or twenty-five bushels to the acre on a piece of good summer-fallow of, let us say fifty or one hundred acres, and his neighbours or the people all around the area have had an average of four bushels or less per acre or eight bushels or less per acre, that is no reason why the man who has twenty or twenty-five bushels should not be paid. You would have to go into his books and find out everything that he did, whether he produced cattle on grass that had dried out during the season, whether he was feeding hogs for which he did not grow feed grain and a great many other things that have to be examined into before you could say that one fellow was entitled to payment and the other was not.

All we examine into is the question whether in a considerable area it was dry. We say that if the average crop over that area was four bushels or less per acre, then there is a crop failure. If it is eight bushels or less per acre, then it has been dry enough that some assistance ought to be given when the price of wheat is over eighty cents a bushel, and if the price of wheat is lower than eighty cents a bushel, then some assistance should be given up until the yield is twelve bushels to the acre in the area.

Some have said that you could get it down to a section or down to three sections, or you could get it down to four or five farms or half a dozen farms. Those who understand conditions out west know this, and even men in eastern Canada know this, that you can find areas in any country or in any township where you would have three or four farmers on light land. For example, you could go outside Ottawa on the way to the airport and find land that used to be occupied by farmers which is now a sand pit. You could find areas like that all over the country. To say that because three or four men insist on living on an area that is nothing more than a gravel pit or a sand pit and try to farm there, they ought to be maintained there, is not in accordance with the principles of this bill as it is drawn up. We say to these men, We are prepared under the Prairie Farm Rehabilitation Act to move you off that land; we will help you pull down your buildings; we will pay the freight to ship them somewhere else; we will provide you with land in an irrigated district at a certain rate; we will move your equipment there for you. If, after they have had that offer, they will not accept it and still insist on remaining on poor land we say that this act should not provide for that small group of men, within a township that is not eligible, having assistance. Therefore we do not feel that it would be wise to undertake to do it on a smaller district than it now is.

The suggestion has been made that we ought to lower the area from a township to a quarter of a township. In effect, that is what we have already done. We say that wherever there is a block of land of a township or more that is eligible under this act we shall make payment; but we say that if there is a quarter of a township or more that, when we check up, we find has more than fourteen bushels to the acre we can take it out, and we will say that if, around the edge of that block, there is an area that is under eight bushels to the acre we can put it in. In other words, there is not any necessity for dealing with anything less than a whole township in the solid block.

But when you are dealing with the area that I have described in the province of Saskatchewan, the great block which I have shown on the map, every section of land in it is under the act for payment. All that the bill permits us to do is to say that we do not have to go over that whole area and look into the production of every quarter of a township and take one quarter township out and put another quarter township in; when we are satisfied that the average in each township is below the eight bushels to the acre we make payment. The only place that there is any reason for giving consideration to the quarter townships is around the outside of the solid block.

Under this legislation, one of the sections we are amending is the one which has to do with the matter of taking out quarters of townships or putting in quarters of townships, and all the operation takes place around the edge of the solid block which is all in. I say, in effect, that that does put you in the posi-

tion that, wherever there is any question about it at all, it is on the nine sections or quarter township basis, and I do not think it is necessary to go below that in order to make units which would meet the wishes of hon. members.

Someone has said that the deductions and payments are the same—I think it was the hon. member for Wood Mountain—

Mr. ARGUE: Approximately.

Mr. GARDINER: Yes, they are approximately the same. The deductions and payments remain approximately the same as in 1939 when the act was drawn. The suggestion is made that payments and deductions should go up and down with the variations in the prices of grain. Again I would call the attention of the house to the fact that we are not paying on grain. We are paying on cattle; we are paying on feed grain for hogs. We are not paying on wheat; we are paying on anything which a man happens to be doing in the area. He can in relation to agriculture get payment even if he does not sow a bushel of wheat or if he has not an acre of wheat during the whole period. We are paying him because of the condition through which he is going, and that condition affects him no matter what he is trying to produce. Therefore it will not be possible to vary it on the basis of wheat. But even if we attempted to vary it on the basis of the prices for farm products in general, I do not think we would be accomplishing what we had in mind when we passed the act.

My reason for that is that when you have only four bushels of wheat to the acre and the price is $1 a bushel, your return is only $4 an acre and you need whatever payment there may be more at that time than you need it when wheat is worth $2 a bushel and instead of $4 an acre you get $8. In other words, it would not be fair to the man you are dealing with if you increased the payment he is to get, or even if you increased the amount he is to pay in, over the period when prices are high. What we are desirous of doing under this bill is accumulating surpluses when prices are high, which make it possible to take care of your people on an equal basis when prices are low.

Up to the present our experience has been that we are faring a little better under this act than we anticipated in 1939. At that time, when we were first getting this measure through, I was asked in the house how much I expected it would cost the treasury, and I think at that time I said our estimate was that it would cost the fund about $4 for each $1 put up by the farmers. Well, it has worked out that it is costing about $3 for every $1 put up by the farmers; and the only reason we have been able to keep it down to $3 is that in 1942 we did not need to pay out anything. That year there were only twelve townships in all western Canada that had less than eight bushels to the acre, so that no payments were made and everything collected that year was accumulated, to be charged up in the other years.

At the present time, when we have high prices for grain, one per cent means a great deal. But I would suggest to hon. members from Manitoba that in only two years has that one per cent meant enough to cover what Manitoba drew out of the fund the first year. That year Manitoba drew out $849,000, and the highest collection ever made in Manitoba was $889,000, and in another year, $859,000. I think the hon. member for Souris (Mr. Ross) and the hon. member for Portage la Prairie (Mr. Miller) are quite right in suggesting that Manitoba could have a year like that again. It could have a year twice as bad, because it did have years twice as bad before any such assistance was given, and we could run into that condition again. So that, while they are paying in more than they are getting out for the time being, a time might easily come when they would greatly benefit by the plan.

Perhaps I should say more than I have said already with respect to the meeting that may be held as between the municipalities, the provinces and ourselves with regard to the areas. I think I know what hon. members have in mind when they suggest that we ought to put this plan on an individual basis. They have in mind that group of people who are in the corners. They say that showers do not go in squares; that they simply go across the country, and that when you cut this out in squares you leave the odd corner where a few people live who are just as badly off as the people living inside the solid block. We have always acknowledged that; we have always said that is true, but we have called attention to the fact that this was first considered to be a municipal problem. The municipalities were supposed to look after indigent people, just as they were supposed to look after unemployed people and those who are in difficulties for other reasons. When that task became too great for the municipalities, under our constitution the province had to assume the responsibility, and kept on assuming it until it became so big they could not take care of it any longer. Then they came to Ottawa and said, these people are going to

starve unless somebody takes care of them; and we entered upon the task.

The basis on which we entered into it was this. We said that when there were twenty-five municipalities in a province which could not take care of themselves, then the dominion government would consider going in and helping. But we said that when the number gets down to ten we shall get out. We were operating on that basis prior to 1939. In that year we said that we would take as our obligation any full townships in the three provinces that were in difficulties, but we suggested that the provinces, or the provinces and the municipalities combined, ought to take care of these corners.

We went along in that way for two or three years. Then we found that they were not going to do anything about it, so we took in quarter townships around the edge. But we said that we would take on quarter townships only on the condition that we were allowed to take out the quarter townships which did not need assistance and which also were around the edge. That is what we have done from that time up to the present. But many people are living in these corners all the way around each block who, as I indicated a moment ago, are not getting assistance under this plan. Every year we have suggested to the government of the province—it did not matter what government it was—that we thought they should go in and pay something toward the care of these people if they wanted us to look after them. If they can provide a scheme of their own to take care of them we are quite satisfied; but we think, if they wish them brought into our plan, the province should contribute.

Now, for the first time, they have all got together in these meetings which were spoken of today, and agreed that we ought to meet to consider this matter. So I would suggest to those who have said we ought to do some things which are not in the amending bill at the present time, that in my opinion the best place for these matters to be discussed is at this meeting which we shall arrange by some method or another, just as soon as we can get away from this house and from some other activities. We shall have a meeting called somewhere, I hope out in western Canada, where we can discuss this question through to a final conclusion; and when we have done so I hope the provinces and municipalities will be able to make some provision by which we can take care of most of the cases that have been discussed here, particularly such cases as were referred to by the hon. member for Lake Centre (Mr. Diefenbaker), having to do with blocks on one side of the Qu'Appelle river, when the greater part of the municipality is either down in the valley or extends up the opposite side where the crops are fairly good.

These problems can be taken care of under a plan that may be worked out. Whether the provinces will want to administer the small areas under some plan they will provide, I do not know. We have always said we would be quite satisfied to carry on the administration over the whole area, provided that the provinces, or the provinces plus the municipalities, would put into the fund some amount bearing a reasonable relationship to the amount all the taxpayers of Canada were contributing, in order to deal with the solid block of people who are suffering from drought.

That, I think, is all I need to say at this time.

Mr. ZAPLITNY: If an arrangement such as that described by the minister is arrived at, would he consider making it retroactive to 1947?

Mr. GARDINER: Well, I do not know. I think I know what my hon. friend has in mind. This bill was not drafted in the first instance to take care of anything but drought, and we have been making payments under the provisions of the act for other reasons. We have been making payments, however, where the destruction that has taken place has covered a township, whether it is by hail or by flooding. Every member of this house knows that ordinarily, when flooding takes place, the responsibility for assistance is with the province. We had very heavy storms in western Ontario, and an appeal was made to us for assistance. We said, No; that was a provincial responsibility. A year or two ago we had the same thing in Quebec, and we said that was a provincial responsibility. We had the same thing up in northern Alberta, and we said that was a provincial responsibility, until finally they showed us that under this act we had authority to pay on full townships.

This year it has been shown in the province of Manitoba that up in the Dauphin area there are additional townships that are affected by flooding. But we still maintain that the responsibility for flooding, generally speaking, is a provincial responsibility, and that the province ought to show some interest in the matter and some inclination to work out a solution for any problem that exists. As the hon. member for Dauphin (Mr. Zaplitny) will remember, he and I attended a meeting in Dauphin last summer when all this matter was discussed with officials of the province there

and with the officials of the municipality. I think we finally reached an understanding that a plan ought to be worked out by the province and submitted to the federal government, and that the federal government might, under the item providing $100,000 we had voted last session, find funds with which to assist in dealing with the problem there.

We did not have a plan working last summer, with the result that the suggestion is made by the hon. member for that area that he would like to have anything that is done made retroactive. I would call his attention to the fact that anything that is done, in addition to what has already been done, would have to be financed by the province. That is, we are taking care of the full township plots, and we would expect that if anything were done beyond that in that area—at least anything beyond the nine sections that might be around the edge of it—it ought to be taken care of out of funds provided by the province. So I am not in a position to say whether it should be retroactive or not.

But I would say that the most important thing for the Dauphin district is not the application of this act at all. The most important thing for the Dauphin district is to do something similar to what we did some years ago in the northeastern corner of Saskatchewan. There is an area there that flooded every spring. The farmers were not able to get on to it until June, and that was too late. The provincial government went into that area and put in drains which drain off the water before it reaches the land, take it down around another way and keep it off that land altogether. I think something of that kind must be done in the Dauphin district, and that is not something which can be handled under this act. It is much more important that we get busy, as soon as possible, with some understanding as between ourselves and the province, and then between the province and the municipality, to have that job done and done in a way that will avoid that flooding. Then the people in that district will not need assistance under this act, and I hope they will not object to paying their one per cent, for all time to come, to take care of the other people.

Mr. ROSS (Souris): Might I ask one question? Will the regulations be placed before the committee?

Mr. SPEAKER: May I suggest to the hon. member that he wait to ask his question until we have reached the committee stage.

Motion agreed to and the house went into committee, Mr. Golding in the chair.

On section 1—"Township."

Mr. JUTRAS: There is one question that I should like to ask on this first section. The new part reads:

> . . . and includes any group of settlement or river lots declared by the governor in council to be a township for the purposes of this act.

The explanatory note says:

> This amendment is to provide that the act may apply to areas surveyed as settlement or river lots in the same way as it applies to areas surveyed as townships.

I do not know whether the minister can answer my question tonight, but at all events it will be on the record for the officials. Does this mean that river lots are constituted in a separate block as townships, or is there also the alternative that they may be part of the township? I am just wondering if it leaves out the two alternatives, leaving the discretion to the commission, for instance, to constitute a certain number of river lots into a block or declare it to be a township. Or is the alternative left of leaving them as part of the township.

To illustrate this point, I will give one instance where it would appear that the river lots are taken out entirely. In my constituency there is this year a township, I understand, township 62, which illustrates that point very well. The Red river divides the township north and south practically in the centre. Then there are two rows of river lots on each side of the river. Since it is more or less in the centre of the township, it leaves a strip of sections which are survey sections on the east side and on the west side. My understanding is that the township in question, namely township 6-2-1E, qualifies this year; but, on the other hand, apparently all the river lots in the centre, which are really in this case a part of the township, do not qualify. That is my understanding.

So I do not know if it can be worked out to leave the two alternatives in the act. But I think it would be preferable to leave the two alternatives there; to leave in the intention of the act anyway, the two alternatives open as the case may be required from year to year. I do not know if I have made that point clear, but it looks like an anomaly to say that the township qualifies and yet all the strip of land in the very centre does not qualify.

Mr. GARDINER: Hon. members who are familiar with the river lots will know that these strips run diagonally as compared with many of the township lots. That is, they were there before the western part of Canada was surveyed into townships six miles square. They

ran back from the river at right angles to the river, to begin with; and these strips were formed on both sides of the original. We started out, as a result of the undertaking given last year, to try to draw in what would have been the township boundaries if the survey had been made after the river lots had been put there, to try to make them coincide as nearly as possible with where the lines would have been. The river lots are so much on an angle to where those straight lines would be that this was found to be impossible. If we could have done this, we would simply have drawn a map, made it a schedule to this bill, brought it in and said: Those are the townships, and any one of those areas must have less than four or eight bushels to the acre before they are paid a certain amount. But we found that it was impossible to do that, so we are taking authority here to go into those districts and lay out areas which are, to all intents and purposes, the same in area as a full township.

It will be found, just as has been indicated by the hon. member, that there may be a township where a piece has been taken out of the middle of it or of the side of it. That is, all over western Canada there are partial townships, and we have another section in this act which is intended to deal with those partial townships.

The legal township is six miles square, but when they come to the next meridian, because the lines you draw toward the north pole come together, eventually there is a correction on these meridians. Those corrections vary all the way from six-mile square blocks to blocks which are six miles north and south, but only part of a section or part of a mile east and west.

In this bill we are making provision for dividing these for the purpose of making payments. In other words, while they are not six miles square, they are legal townships. Just alongside these strips of land which run diagonally out from the river, there may be a part of a township which is left, and under the bill they will be designated as separate townships. And these areas which are in the river lots will be separate townships.

I am not altogether certain that there will not be some places where it will be found possible to take what is part of a township and include in it some of the river lots in order to make a complete township for the purposes of this act. But eventually the map will be drawn and it will be properly made out, so that we are not deciding the matter until after the facts are known. The boundaries will be there before. Then, when the facts develop which make it possible to pay under the act, we shall pay under the act.

Mr. ROSS (Souris): I should like to ask the minister a question; and I am not sure if this is the proper place to ask it. I would ask him about those regulations which are being altered. Would the question be properly asked under this section? I do not see any other place where I could raise the question.

Mr. GARDINER: I do not think there is any amendment here with regard to regulations.

Mr. ROSS (Souris): No, but the minister was making a statement to the effect that there was some confusion in the discussion this afternoon.

Mr. GARDINER: If I remember correctly, the hon. member for Souris was here at the time the bill was originally introduced.

Mr. ROSS (Souris): No.

Mr. GARDINER: Well, I think I remember informing the house at that time as to the regulations. The regulations, as they were drawn in the first instance, including this 20-mile limit, and all that kind of thing, were discussed on the floor of the house.

One of the reasons it has been found difficult to cover what is in the regulations by law has been the fact that we are receiving continuously representations from members and others indicating the difficulties people get into.

Take, for instance the question of widowed mothers having to move into towns and leaving their land. Sometimes they move a little more than twenty miles, or they may have moved into a town more than twenty miles away in order to obtain hospitalization. That question was brought up. If we had been committed to twenty miles by the legislation, we could not have done anything. But having the authority to amend the regulations, we were able to say, Well, in cases where people have gone to hospitals and had to go more than twenty miles, and where they have had to remain there for a period of time—sometimes two or three years—for treatment of different types of diseases, payments can be made.

It is to meet a situation of that kind that authority has been left to have regulations made by orders in council. I am not able to make them myself. The board cannot make them. But the whole council can change those regulations from time to time.

Another case was that of soldiers. During the war soldiers just picked up from their

land, enlisted and went overseas. They did not think anything about prairie farm assistance. Probably they did not know they would have any crop failures while they were away, or at least did not think they would have. But they got overseas. Those people were the owners of land, the real operators of it, although they hired men to look after it.

It was found that, strictly speaking, these men did not have a claim unless we did something about the matter in the regulations. We dealt with those cases and said that when a man was overseas he was an exception. All kinds of cases of that kind have come up, and we have dealt with them. I think hon. members will agree that we have attempted to administer the act so that it would not create undue hardship, and so that it would not give favours to anybody. I believe that is pretty well agreed, because it was so stated many times this afternoon by hon. members.

If there was any reason for thinking that we have been abusing the authority which was there, then I would agree with those hon. members who say we ought to write into the act what we are going to do, and say. That is the only thing we can do. But I would suggest that this is not legislation which lends itself to that kind of thing. A great many situations develop which ought to be dealt with from time to time, whether this house is in session or not. And we asked the house to give authority to the government. They gave it to the government at that time. I consider it wise to leave it there unless we run into difficulty which might be considered serious.

Mr. ROSS (Souris): You have reports of individual cases and then you take the matter up with the cabinet council; is that the situation? I have had many cases such as the minister has mentioned which have come to my attention in the past few years. I believe they have been ironed out; I will admit that. But I would ask this further question, as to whether there is any provision for flooding in connection with this act. Where farmers have been flooded out, can something be done for them? Can settlement be made for those farmers?

Mr. GARDINER: Not for an individual farmer. If he is in an area six miles square, or alongside one six miles square—I think it is nine sections—he can get assistance.

Mr. ROSS (Souris): If it is nine sections it does not have to be contiguous to any other area?

Mr. GARDINER: It would have to be adjoining a six-mile square area, or a township, unless it is one of those along the river, where they are not six miles square. For instance, take along the Qu'Appelle—and I do not know the situation at Portage as well as I do at Qu'Appelle—there are areas only two miles wide which really constitute a township.

Mr. MILLER: I was going to ask about that, as to whether the minister had any idea how they would settle areas on the river lots, because some of them are very narrow and very long. Would it be a question of acreage?

Mr. GARDINER: Approximately that. As I remember the map, there were stretches where possibly they were six miles long, and where along those six miles you can take strips which are six miles wide, or approximately that, and draw the line down the road allowances and then across the top, and you have a six-mile square block. It will not be at right angles with the block around it, but it will be six miles. We will try to map it out into blocks of that kind, and map it out without relation to what happened this year or what might happen.

Mr. MILLER: It will be comparable in acreage area with the ordinary block?

Mr. GARDINER: Yes, that is right.

Mr. McKAY: Since the minister has been discussing the 20-mile clause, may I ask another question? Just how flexible is that regulation? I understand what was said this evening regarding the subject, but I am wondering if it has anything to do with the particular case I have in mind.

For instance, if that clause definitely states that a man cannot reside twenty miles distant from his farm, what is it composed of? How is mileage based? Is it road allowance? How is it calculated, because there are areas in the province where there are very few road allowances.

Mr. GARDINER: If hon. members will not hold me definitely to what is read as the regulation which may be finally decided upon, I shall read it to them. But it was just suggested a while ago that we might have it before us. This has not yet been adopted, but it has been recommended that an owner is not a farmer for the purposes of the act (a) unless he is an owner or tenant of a farm from the first day of May to the first day of November in the same year, or (b) unless he lives in the spring wheat area and his primary occupation is farming from the first day of May to the conclusion of the crop season.

There is nothing in that about twenty miles.

Mr. McKAY: No—

Mr. GARDINER: If he is the owner or renter of land and lives in the area, and his primary occupation is farming—and it will be noted that it does not say "only occupation"—from the first day of May to the conclusion of the crop season, he can draw under the act. The next section provides that he must be responsible for the farming operations and the disposal of the proceeds of the farm.

I have one case that is before me now. A father who homesteaded in western Canada years ago moved back to Ontario to live. His boy is now on the land in Saskatchewan and the father wants to know why his boy cannot be paid this year. I have written to him to say that if he will either rent the land to the boy or give it to him the boy will be paid, but so long as he insists on only hiring the boy and sending him out there he cannot be paid under the act. The man can fix that himself; we do not need to fix it for him. He can put his son on a rental basis and the boy himself will be paid. I do not think it is necessary to change the regulations in order to meet a case of that kind. Under the act the boy can be paid, but the man himself would not be paid when he lives in Ontario.

Mr. MILLER: Is there any question of a split as between landlord and tenant? I presume that the minister's own farm is rented. Is there any rule that the landlord will get his portion of what is paid?

Mr. GARDINER: The intention is that the tenant or the operator of the farm shall get it, because the idea is to keep the operator on the farm until he gets another crop. We have never put anything in the way of an owner making any deal he likes with his tenant. The only thing is that he cannot seize the money while it is in our possession; he cannot get possession of the money until the man gets it. In other words, it would have to be a cash rental.

Mr. ROSS (Souris): He has no claim.

Mr. MILLER: He might not have any claim on the tenant either.

Mr. GARDINER: There are some other paragraphs to which the 20-mile limit did apply, but does not now. One is:

(e) if renting from a parent, unless he has a written lease executed prior to the first day of May of the year of award.

That has been there all the time. There is another one that concerns the 20-mile limit:

(2) Notwithstanding paragraphs (a) and (b) of subsection 1 where a farmer dies or becomes mentally incompetent and the operation of the farm is continued by a person who

(a) is related by blood or marriage to the deceased or mentally incompetent;

[Mr. McKay.]

(b) is the sole beneficiary of the deceased or mentally incompetent; and

(c) is operating the farm on behalf of a beneficiary who is living in the spring wheat area and is primarily dependent upon the farm for a living.

Mr. TOWNLEY SMITH: A township is a piece of land six miles square. In the west, where the township line intersects the range line, we are given such townships. I have seen cases where two such adjoining townships were ineligible, but adjoining halves of such townships were eligible. Has the minister ever considered changing the actual numbered townships of six miles square so that we can take in, say, the east half of one township and the west half of the adjoining township and still have a piece of land which is essentially a township?

Mr. GARDINER: That comes up almost every year, but it is usually related to some specific case where they think something would happen if we would do that. We do not think it would be wise to operate that way. There would be great difficulty in administration, because you would have to check each area to see whether you could take the south half of one township and the north half of another. Then you would have to go over and check whether you could take the west side and put it on with the east side of the next township. It will be seen that this would increase the administration costs approximately four times in order to do it successfully for everybody.

Mr. McCULLOUGH (Assiniboia): The hon. member for Weyburn was asking about the regulations with regard to the twenty miles distance which a farmer may live from his farm. Does the Minister of Agriculture realize that we have a lot of power farming in Saskatchewan? Would the minister give us assurance that a farmer who is farming a parcel of land more than twenty miles from the town in which he lives would be eligible for an award?

Mr. GARDINER: It has been recommended that everything about the twenty miles shall be left out. However I have warned the committee that the regulations are not yet brought to a finality, but I have no doubt that they will be. If they are, there will be no 20-mile limit at all.

Mr. ZAPLITNY: Is there any regulation as to the minimum size of a farm?

Mr. GARDINER: Twenty-five acres is the smallest.

Mr. ZAPLITNY: There is no change contemplated in that respect?

Mr. GARDINER: No.

Section agreed to.

Section 2 agreed to.

On section 3—Blocks ineligible for award.

Mr. GARDINER: I will ask my colleague to move an amendment to this section.

Mr. FOURNIER (Hull): I move:

That section 3, line 13, be amended by deleting the word "eligible" and substituting therefor the word "ineligible".

Mr. McCULLOUGH (Assiniboia): The Minister of Agriculture gave a detailed account of the administrative difficulties in putting this act on an individual basis, and he referred also to the additional cost which would be entailed. In his address he indicated that he did not consider that any farmer who would get twenty bushels or more per acre in an eligible township or portion thereof, which would be one-quarter of a township, should not be eligible for an award; he said that no one could argue that that person should not be eligible for an award. I take exception to that. I think it would be more reasonable to say that in no case should a farmer who is eligible or who has a crop of less than eight bushels per acre not get an award.

The hon. member for Acadia indicated that he thought we should get closer to the individual farm basis. With the present amendments it is possible to have six sections lying along an eligible township and those six sections not be eligible simply because they are in an ineligible township. Under section 7 it is quite possible for the government to take out certain farmers and put them in an ineligible block of nine sections even though they may suffer either a total or partial crop loss. I think there is an injustice there.

Mr. GARDINER: I think there is too, but the suggestion we make is that that is a problem that the province ought to help us deal with. I am not saying that because the government is such and such a government, for we have said that ever since 1939, no matter what government was in power. We say that that strip of six sections alongside the drought area—it would probably be in one of the corners spoken of—ought to be dealt with under the act but that if they are to be dealt with under the act the provinces should help us in the financing.

Mr. McCULLOUGH (Assiniboia): I was glad to hear the minister say that the municipal association was meeting with the government with a view to coming to some decision whereby some of these injustices would be ironed out and provision made to take care of them. But here you have in an eligible township, say six sections with a fairly good crop, and in order that the department may take a block of one-quarter of a township it includes three more sections where the farmers have poor crops. Those farmers do not feel that they should be included in any sort of relief system administered either by the municipality or by the provincial government, nor would it be reasonable to expect that, when they are suffering crop losses for the very same reason as these other people and they get no award under the act. We could amend this section in a way that would ensure that the farmers who had suffered crop losses would be paid something, without in any way increasing the expenditure of the government, and so I move, seconded by the hon. member for Weyburn:

That section 3 of Bill 204 be amended by deleting all the words in lines 5 to 11, both inclusive, thereof, and substituting therefor the following:

"(a) where any farm is located in a township contiguous to an eligible township, it shall be eligible for award; but no farm which has an average yield of more than fourteen bushels of wheat per acre, no matter where it is located, shall be eligible for award."

This does not in any way penalize any farmer who should get an award, but it reduces the expenditure of the government through not paying any award to a farmer who, I think, should not get an award because he has a decent crop, namely, fourteen bushels to the acre. I think that is only reasonable.

Mr. GARDINER: I am afraid that the hon. member has not read the section.

Mr. McCULLOUGH (Assiniboia): I have read it.

Mr. GARDINER: Then he did not understand it. This amendment applies only to areas along the meridians and other places where you have part townships. The legal township is six miles square, but the amendment proposed by the bill provides that in areas along the meridians where the township may be only two miles wide or even one mile wide, the section will apply to one-quarter of the township, not a quarter of thirty-six sections but a quarter of twelve sections. As the explanatory note says:

3. The act now provides that a block of sections having an area of not less than a quarter of a township may be taken into account under section 7. This was interpreted to mean a quarter of a full thirty-six section township, and as a result it was rarely possible to apply section 7 to the fractional townships lying along meridian lines. The proposed amendment cor-

rects this by making the section applicable to one-quarter of the township under consideration, whether of thirty-six sections or less.

Even if it is only four sections, one section can be taken out. The amendment proposed by my hon. friend would delete the proposed 7(a) and 7(b) and substitute something else for it.

Mr. McCULLOUGH (Assiniboia): Does the proposed amendment not merely change the meaning of section 7 in the original act so that the townships which lie alongside of a meridian can for administrative purposes be considered under the act?

Mr. GARDINER: No, it means exactly what the explanatory note says it means. It means you do not have to take thirty-six sections lying alongside the meridian to make one-quarter of it eligible under the act. That is all it means. I think the hon. member understands the position. Meridian 2 is possibly the nearest to him. When you run up the east side of meridian 2, some of the townships are only two miles wide, some four miles wide and some five miles wide, and at the boundary line six miles wide. Our amendment provides that you have only to take a quarter of that township, no matter whether it is composed of twelve or thirty-six sections.

Mr. McCULLOUGH (Assiniboia): The amendment which I have moved eliminates 7(a) and replaces it with another, and of course it changes the whole subsection to provide that where any farm is located in a township contiguous to an eligible township it shall be eligible for award, but in no case where there is an average yield of more than fourteen bushels to an acre shall an award be made.

Mr. GARDINER: It takes away the whole intention of the amendment proposed by the bill. If my hon. friend's amendment were made to the original section it would mean exactly what he says; but, as it is drawn, it strikes out the whole intention of the present amendment in the bill.

Mr. McCULLOUGH (Assiniboia): That is what I want done.

Mr. GARDINER: But quite apart from that, if you were to apply it in this way to those areas you would have to apply it to the township areas as well. The hon. member's amendment says:

> . . . where any farm is located in a township contiguous to an eligible township, it shall be eligible for award; but no farm which has an average yield of more than fourteen bushels of wheat per acre, no matter where it is located, shall be eligible for award.

[Mr. Gardiner.]

My hon. friend's amendment does not deal with this section at all, but with sections in the earlier part of the act which provide for payment, and which say that the payment is to be made at so much per acre to each farmer who lives in a township. But this section does not say anything about that.

Mr. McCULLOUGH (Assiniboia): That is one of the sections which are not up for amendment at all at this time.

Mr. GARDINER: Of course I would be opposed to my hon. friend's amendment even if it were moved in the right place.

Mr. QUELCH: Is it the intention under 7(a) to include sections of land with an average yield of less than eight bushels in the rectangular block? The minister remembers the case I brought to his attention a year or so ago where a township had been declared eligible; then within the township it was found that there were six sections of land with a yield of over twenty bushels to the acre, and under the act it was not possible to take those sections out. Therefore it was decided to add to the six sections four more sections that had practically a total crop failure, but the average yield was still about fourteen bushels to the acre, and that was done. I think the minister will admit that it does not seem fair where you have already declared a township eligible to take out four sections of the land without a crop failure. Was it not really the intention of the act to include in that block only land with a yield of only eight bushels to the acre?

Mr. GARDINER: No. I do not think it is possible to find a piece of land of nine sections of the kind the hon. member has described. I have seen land, and I am sure my hon. friend has also, farmed by certain farmers in a certain way where, on five or ten acres, they will get twenty bushels to the acre in any kind of year. To say simply that you cannot take that land, in order to get nine sections within a township, would make it impossible to get nine sections anywhere. That is again the idea that we are paying on wheat. We are not paying on wheat at all.

I do not know the Acadia area very well, but I have been over it a number of times. As the hon. member will admit, I think it is one of the most difficult areas in either Alberta or western Saskatchewan, and I know that people there are experiencing considerable hardship, and will until certain things can be done which have not been done and may not be done for a long time. But I do not think you can take care of all these difficulties by any rule-of-thumb thing that we can put into this act. We simply say that if there is an area there that has an average of less than

four bushels to the acre they are entitled to $2.50 an acre. If we say it is under eight bushels to the acre they are entitled to $1.50 an acre.

To say that you would have to find an area that has not anybody in it who has twenty bushels to the acre or fourteen bushels to the acre would just make the thing inoperative. You would take out probably half the people who are getting assistance, and it would not be just to them to take them out. On the other hand, if you said that every fellow who has under four bushels to the acre is to get paid no matter what he does, some fellows would sit in the house probably and wait for their $4 an acre and do better than if they worked, particularly if they are living on a piece of sandy land. My hon. friend knows there is land of that kind in the area about which he is talking. If a man insists on living on that sandy land and says that he can live there and get $4 an acre by living there, I do not think we should help him to do that. Some people could have activities elsewhere of a kind that makes it possible for them to live there. I do not think we should do either one thing or the other. I do not think we should shut the man out who may have twenty bushels to the acre on a very limited acreage of wheat but who may be trying to feed a hundred head of cattle for which he has no grass, and at the same time take another fellow in who just insists on living on a piece of land whether he can ever grow more than four bushels to the acre or not. It is in order to avoid both of these things that the act is drawn as it is.

Mr. QUELCH: What I cannot understand is this. When a township has been declared eligible and it is found that a certain amount of land has a yield of about fourteen bushels to the acre and you then desire to take that land out, why should you be forced to include with that land other land which has had a crop failure? Would it not be better to reduce the block from nine sections and put in certain land other than the area which has a yield of fourteen bushels to the acre? That land could be taken out, and you would not be forced into the position of having to include land which has had a crop failure in order to make up the nine sections. It seems to me to be an injustice that, in order to take out land which has an average yield of over fourteen bushels to the acre, you have to take out as well land which has had a crop failure. That is what is being done at the present time. That is the unfair part. I think it would be better to say that any section of land with a higher yield than fourteen bushels may be taken out of the eligible position. If you did that you would not be forced into the position of having to deprive people with a crop failure of a bonus in order to make up the nine sections. It would not cost the government more; if anything it would cost the government less.

Mr. GARDINER: The only further answer I can give my hon. friend is that that question has been brought up to me at at least a dozen different farm annual meetings, and they have always started just as the hon. member is starting. I have always convinced them that I was right, and I was right; I am quite sure I am right, and we intend to stay with it as long as we think I am right.

Mr. QUELCH: One other question. Has the minister ever given consideration to dividing the township into two categories, one of four bushels and the other of eight. This year for the first time I have had several townships referred to me where one-half had a yield of under four bushels and one-half of four to eight bushels, and they wanted to divide the township into two divisions so that one area could be paid for four bushels and the other area could be paid for eight bushels. Has that ever been considered?

Mr. GARDINER: It has been considered, but it has been decided in exactly the same way as other suggestions that we would take half of one township and add it on to the half of another and make a whole township. We would have to go over every section of the country and divide it all up and examine it from that point of view. That would increase the cost so much that I do not think it would help very many.

The DEPUTY CHAIRMAN: If the amendment is to be put, this is what is disturbing me. The rules provide that the Speaker or the Chairman may get the views of hon. members on this question. What I should like to know is whether this amendment will increase the expenditures.

Mr. McCULLOUGH (Assiniboia): I wish to refer you, Mr. Chairman, to the argument of the hon. member for Acadia who has just taken his seat. His argument was almost identical with that which I made in moving the amendment, namely, that it would reduce the inequalities now and pay awards to those who, I and all hon. members are agreed, are deserving of them.

My second point is that it does not, of necessity, increase any expenditure of money. With all due respect to what the Minister of Agriculture has said that ten or more agricultural bodies have met him and put up similar arguments to those put forward by

the hon. member for Acadia, I for one disagree with him when he says he is right in his argument, because an award is made to a person who really has an income, having fourteen bushels or more on an average on his farm, and in certain instances a farmer who has a complete crop failure does not get an award. I think my motion, whether you rule it out of order or not or whether the government is prepared to accept it or not, is a reasonable one, and I maintain that it should be given consideration by the minister.

Mr. QUELCH: I should like to support the amendment. I do not think it can be argued that it would mean an increase in government expenditure; I think it would mean the opposite.

Mr. GARDINER: It means expenditure, I do not know whether it is more or less. Let us look at this thing and be a little bit reasonable. The amendment says that you are going to strike out all the words in lines 5 and 11, both inclusive, from this bill. It starts with "where". Paragraph (a) is struck out.

Mr. McCULLOUGH (Assiniboia): Yes, but (a) is included in the amendment as drafted.

Mr. GARDINER: You have a new (a).

Mr. McCULLOUGH (Assiniboia): That is right.

Mr. GARDINER: It has nothing whatever to do with the question that is being discussed here. Let me get the original bill and indicate to the hon. member the section which deals with the question he is trying to deal with in this amendment. It is section 3 of the original bill, not section 7. You are amending section 7. Section 3 of the original bill says that, subject to this act, the minister may in any crop year award to each person who was a farmer from the first day of May to the first day of November in such year a sum by way of assistance according to his cultivated land in any township with respect to which application for assistance has been made by the rural municipality in which that township is situated or in a case where no such rural municipality, by the government of the province in which the township is situated.

Subsection 2 provides the sum to be awarded by way of assistance under subsection 1, and paragraph (a) does not apply, because in this case the limit of eight to twelve bushels does not apply. Paragraph (b) provides that if the average yield of wheat in the township is more than four bushels and not more than eight bushels per acre, the award shall be $1.50 per acre. We have provided here how the payments must be made in all townships,

[Mr. McCullough (Assiniboia).]

and now you want to say in another section that payment is to be made in some other way. This is not the section that should be amended. All section 7 says is that you may take in nine or more sections along the edges of the whole area. Now you are going to take that out, so that the nine sections will not be eligible, and provide that anywhere in the whole district you must pay on a basis different from that provided in section 3.

Mr. McCULLOUGH (Assiniboia): The minister read section 3 of the original Prairie Farm Assistance Act of 1939. My amendment dealt with the bill now under consideration. The intent of the resolution is, of course, to do away with paragraph (a) and replace it with the amendment I moved, making an exception to the eligible blocks under paragraph (b) of section 7 on the basis indicated in the motion. So I think it is quite in order.

Amendment (Mr. McCullough, Assiniboia) negatived on division.

The DEPUTY CHAIRMAN: Shall the section as amended carry? Carried.

Mr. ZAPLITNY: Are we now on section 3 or section 4?

The DEPUTY CHAIRMAN: Section 3 has been amended, and I declared it carried as amended.

Mr. ZAPLITNY: The question I should like to ask applies to the other sections anyway. A short time ago the minister said he felt it was the responsibility of the provincial government concerned to look after those portions of the townships which could not qualify under the present act. As the scheme is now set up, the only levy made is the one per cent, all of which goes into the fund under this act. In other words, the provincial government does not participate in the levy. Would the minister recommend that in the event of the provinces concerned agreeing to look after these fringes, so to speak, which cannot qualify under the act, they would participate in the levy? Or would they impose a levy of their own? In other words, how would they set up a fund in order to have something with which to work in conjunction with this act?

Mr. GARDINER: The suggestion I have made from time to time since 1939 is that the amount they put in should bear a proper relationship, having regard to the land involved, to the amount of money put up from the federal treasury. The amount collected should, of course, go into the general fund to deal with everything.

Mr. ZAPLITNY: In other words, you would be asking the provincial governments to put up as their share as much money as the federal government does, exclusive of the prairie farm assistance fund?

Mr. GARDINER: No, not as much as we put up.

Mr. ZAPLITNY: I mean in proportion.

Mr. GARDINER: We now put up two-thirds of all the money involved, but I would say we are covering 95 per cent of the land that might be affected. If that estimate is correct, then we would ask them to put up about five per cent of what we are putting up.

Mr. ZAPLITNY: That is what I was trying to get at.

Mr. GARDINER: It may be ten per cent or twelve per cent; I am guessing at it.

Mr. ZAPLITNY: It means that the provincial governments would have to accept responsibility for an amount equal to what the federal government would put up if they endeavoured to look after these fringes that do not qualify?

Mr. GARDINER: In proportion.

Section as amended agreed to.

On section 4—Levy of one per centum from purchase price of all grain purchased by licensees, etc.

Mrs. STRUM: I believe this is a very useful act, but I do not think it should be considered separately but rather as part of the whole program for agriculture. We have two other acts that have done a great deal for the western provinces, the P.F.R.A. and the wheat board act. We are beginning to eliminate the risks and provide ourselves with safeguards against emergencies. In effect, the long-term contracts are price insurance. The P.F.R.A. has helped us to insure a water supply. The dugouts all over the west have been a tremendous help in maintaining the livestock population, and under the P.F.R.A. we have taken a great deal of submarginal land out of production.

These things when integrated could work into a stabilization of our whole agricultural industry and help maintain a high level of prosperity and spending which would be a great aid to Canada's whole economy. I suggest to the minister that we extend this program to include the principle of insurance. I was interested the other evening to hear the Minister of Reconstruction outline the provisions of the amendments to the Export Credits Insurance Act. As reported at page 2774 of *Hansard* he said:

> More than seventy different countries received a variety of agricultural products, raw materials, and manufactured goods from Canadian exporters, insured by the corporation.

Under that act we insure against such things as war, revolution and defaulting governments. If we can insure our exporters against risks of that kind, which include such tremendous upheavals as war and revolution; if we can insure our agricultural products when they reach the export stage, surely we can work out a system of crop insurance on the first level to cover the man who is actually in the business of producing. I do not think we should consider it too expensive a proposition to put on an actuarial basis. It would not be nearly as expensive as the loss of a crop is to an individual. Speaking as a farmer, I would much rather put in five or six bushels or more, when I had the bushels, than lose an entire crop and have nothing but the very small payment now being made under this act. I think it is only intelligent to put it on the basis of insurance and remove it from the category of relief, because it was originated with the idea of helping the farmers set up a system to pay for each other's relief and thus take us off the federal treasury.

I am glad the minister made a statement a few minutes ago as to the amount the government has put in. I do not think it is too much when one considers the contribution agriculture makes in this country, and the sacrifices agriculture has made in accepting lower prices when we might have had higher prices.

I think we have accepted the principle of insurance. We have unemployment insurance; we are considering health insurance, and we are also considering a contributory old age pension scheme. This may be slightly off the subject, but I think it is part of the argument. A contributory old age pension will be insurance against old age, and I think it is not too much to ask that we should begin now to put agriculture on an insurance basis, so that in years of crop failure we shall have more than a relief standard.

Mr. McKAY: There is one question I should like to ask the minister before this section is carried. It deals with a levy of one per cent that was deducted for the servicing of the act. I wish the minister would tell me whether any consideration has been given to the zoning of the province into high or low risk areas; because as he is quite aware, owing to climatic conditions there are such areas. While it might be difficult to zone the province, I think

it would be quite feasible and it might result in a better reaction in the west with regard to these deductions which are being made.

Mr. GARDINER: I imagine that the hon. member was not in his seat when I spoke on second reading.

Mr. McKAY: Yes, I think I was.

Mr. GARDINER: I dealt fully with that question. If the hon. member will read *Hansard,* he will find that is so. It constituted most of the speech I made. I pointed out that the matter of making it possible to pay under this bill necessitated the widest base possible from which collections are to be made, and we have made that base the whole Dominion of Canada. In so far as the farmer himself is concerned, we have made the basis all the farmers in the west. Just as the hon. member for Souris pointed out, if you tried to make it any higher, and districts that are never going to collect would raise some objection, and naturally so. As long as you keep it to one per cent, they say: All right, we will go along with you. But when we start to make it five or six per cent, or get it up to twenty per cent or sixteen per cent which is necessary to carry it in the areas that are affected, we would run into trouble.

I cannot argue that question of insurance, because, when this bill was drafted, I was definitely told by every legal authority we are advised by, that we just cannot pass insurance legislation on a question of this kind. I took the matter into the senate. I was asked to go there myself. Mr. Meighen was the leader of the opposition in the senate, and the legal adviser to the senate was there. Mr. Meighen asked him the definite question. He said: Is this insurance? The legal adviser said that, in his opinion, it was not, and because of that he thought it was *intra vires.* It was on the strength of that advice that it got through the committee over in the senate, and finally through the senate itself and came back here. I am absolutely convinced from all I have had to do with it that we cannot bring in crop insurance.

The only other thing I can say about it is that for fifty years to my knowledge the farmers in western Canada asked for crop insurance; or rather for forty years up to about ten years ago, they asked for crop insurance and never were able to get it. When I came here I made up my mind that we would not talk about crop insurance but would talk about prairie farm assistance, and we got that inside of two years. I would rather take what we obtained after two years of discussion of something which can be given, than to go back and start talking about something which we talked about for forty years and could not get. I do not want to go back and talk about that.

[Mr. McKay.]

Mr. SINNOTT: This section makes provision for the further collection of money—and I raised this point this afternoon—whereby the dominion government is taking care of anything up to a township. The provision here now is to deduct from the mills. While the farmers paying into this fund are subject to that with regard to the areas not coming under the dominion government would the minister consider giving a grant to the provincial government to take care of this matter of the smaller parts?

Mr. GARDINER: We are asking the exact opposite. We are asking the provincial governments to give us a grant in order to help take care of them.

Mr. SINNOTT: Those farmers are already paying in. You do not want them to pay twice.

Mr. GARDINER: They are already paying in, but they are paying in one-third of what they can draw. We are suggesting to the provinces that, since we are taking care of the six-mile square lots and the quarter township alongside of it, the provincial government should step in and help to take care of the small section. We say: If you come in and contribute proportionately to what we are contributing for the large areas, then we are quite prepared to carry the whole thing along under this act.

Mrs. STRUM: In answer to the minister's argument, I want to point out several things we have achieved in Canada in the way of over-all security, in spite of constitutional difficulties. According to the British North America Act, health is a matter in which the provinces have complete jurisdiction. The same thing is true with regard to labour. Yet we have achieved, through conferences and agreements of various kinds, a large share of the federal government's jurisdiction in matters of social insurance, health and so on. As a matter of fact—

The DEPUTY CHAIRMAN: Order.

Mrs. STRUM: Coming back to this bill, the thing I wish to illustrate is that we did not leave it on the basis of our original decision.

Mr. GARDINER: We did not here either.

Mrs. STRUM: The point the minister was making was that, because in the beginning

Mr. Meighen or someone else said we could not go into crop insurance, then we can never go into crop insurance.

Mr. GARDINER: May I just explain? I should like to get this bill through, but I shall take only a few minutes. If we were trying to have our authority over insurance law amended—it is one thing to say you can amend the constitution; but I was in the provincial house for a long time and in the provincial house we had a great deal to do with insurance legislation—I am satisfied that the insurance companies across this country would not consent to our being given all the control over insurance. If we start out with that objective of taking control over insurance before helping farmers, the farmers will never get anything.

Mrs. STRUM: Are the insurance companies the government?

Mr. GARDINER: No, they are not; but they have influence in nine provinces.

Mr. KNOWLES: Do they?

The DEPUTY CHAIRMAN: Order. It is a well-known fact that speeches in committee must be strictly relevant to the clause under discussion. The clause under discussion does not deal with insurance.

Mrs. STRUM: The point I wish to make is that we are not bound to this quantity or this percentage of contribution; that we have in large areas of government made adjustments between provincial rights and federal rights. I do not see that the life insurance companies are mentioned in this section. I see nothing about the life insurance companies, and yet they were dragged in during the last two or three minutes. I do not see that we have any concern for life insurance companies in our crop insurance plan. We are considering the ability of the farmer to protect himself against risks. I submit that we could extend this act, just as we have extended so many other kinds of legislation, by agreement between the provinces and the federal government; just as we have done with regard to unemployment, which is a labour problem, and which, under the constitution, is dealt with by provincial legislation; and just as we shall do one of these days with health insurance which is within the jurisdiction of the provinces. I submit that we could extend this act to set up a graduated scale of contributions whereby those areas with the greatest risks would contribute most, just as we do with life insurance. You do not insure at the same rate if you are twenty years of age as you do if you are older.

The DEPUTY CHAIRMAN: Order.

Mrs. STRUM: Yes, I know, Mr. Chairman. But on the same basis this insurance could be on the basis of graduated risks; if it were on that basis, I do not think you would have the objection there is from those areas where there is less risk, and I think there would be much greater support for the act.

Section agreed to.

Section 5 agreed to.

Title agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read the third time?

Some hon. MEMBERS: Now.

Mr. KNOWLES: Next sitting.

Mr. GARDINER: In view of the fact that only one word was changed, "eligible" to "ineligible", could third reading not be given now?

Some hon. MEMBERS: Agreed.

Bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. ST. LAURENT: On Monday we shall consider in committee of the whole Bill No. 203, to amend the Unemployment Insurance Act. Then we shall proceed with the second reading of Bill No. 198, to amend the Dominion Elections Act; Bill No. 35, respecting the provisional fur seal agreement between Canada and the United States; the bill concerning amendments to the Royal Canadian Mounted Police Act; Bill No. 9, to amend the Northwest Territories Act; Bill No. 11, to amend the Dominion Water Powers Act, and finally the resolution in the name of the Postmaster General concerning the Supplemental Payments Act.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, April 26, 1948

The house met at three o'clock.

THE KING AND QUEEN

CONGRATULATIONS ON TWENTY-FIFTH ANNIVERSARY OF THE MARRIAGE OF THEIR MAJESTIES

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as hon. members of the house are aware, our King and Queen are celebrating today their silver wedding anniversary. It will be the desire of all citizens of Canada to have congratulations and good wishes extended to Their Majesties on this occasion. I can think of no more appropriate manner of so doing than by resolutions of both houses of parliament conveying expressions of loyalty, devotion and affection toward the King and Queen from the people's representatives in parliament assembled.

I have had a word with my hon. friend the Leader of the Opposition (Mr. Bracken), and he has kindly agreed to join with me in a resolution of which we have both approved, and which I shall move in just a moment. Let me only mention that never before in the history of our parliament has there been an occasion when it was possible to pass a congratulatory address upon the day of the silver wedding anniversary of the reigning sovereigns. When King George V and Queen Mary celebrated their twenty-fifth wedding anniversary the parliament of Canada was not in session. King Edward VII and Queen Alexandra celebrated their silver wedding anniversary before King Edward VII ascended the throne. Because of the untimely death of the Prince Consort which occurred before the twenty-fifth anniversary of the marriage of His Royal Highness to Queen Victoria there was no opportunity to extend such an address. These circumstances lend a note of added significance to the opportunity which is ours today. I am sure it is one that will be welcomed in all parts of our country, and by none more than by those of us who are representatives of the people in parliament.

I accordingly move, seconded by Mr. Bracken, the Leader of the Opposition:

That an humble address be presented to Their Majesties, the King and Queen, in the following words:

Most Gracious Sovereigns:

We, Your Majesties' loyal and dutiful subjects, the House of Commons of Canada in parliament assembled, beg to offer our sincere congratulations to Your Majesties on the 25th anniversary of your marriage.

As members of the Parliament of Canada, we are happy to avail ourselves of this anniversary to express the warmth of the feelings cherished towards Your Majesties by the Canadian people. Your devotion to each other, the exemplary character of your family life, and your unfailing consecration to public service through years alike of war and peace, have been an inspiration to your subjects everywhere.

We trust that Your Majesties may long be spared to share the happiness of life together, and to enjoy the affection of your peoples in all parts of the British Commonwealth of Nations.

I would ask that when this resolution is passed a copy of the resolution be cabled to Their Majesties by Your Honour, also that the cable be later supplemented by a copy of the resolution suitably engrossed and bound as a permanent memento of the expressions of the Canadian people toward Their Majesties, King George VI and Queen Elizabeth, at this time.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, the motion just moved by the Prime Minister is one with which I am sure every hon. member of this house will be in hearty agreement. I rise only to associate myself formally with it as seconder.

The silver wedding anniversary of our King and Queen serves to remind us that the crown in British commonwealth countries is one of the few remaining evidences of unity that we have, perhaps the best remaining one.

Fortunately the royal family has set us an example of family life and public service which has gained for them the respect and admiration of us all. At a time when certain political and social institutions are crumbling, and when other monarchies are falling, the British crown has emerged with a reputation enhanced throughout the world and more strongly enshrined in the hearts of the people than ever before.

Under such circumstances—on behalf of my associates, and I am sure I speak, as the Prime Minister has done, for all members of the house—we join with all the other members in offering congratulations to the King and Queen on the twenty-fifth anniversary of their wedding, and in wishing for them many more years of life together in which to serve their people.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, the Prime Minister and the Leader of the Opposition have spoken for all members of the house on this occasion, and we of the Co-operative Commonwealth Federation wish to associate ourselves with the motion and the congratulations to Their Majesties.

May I take this opportunity of pointing out that a few days ago we celebrated another anniversary, that of the Prime Minister of Canada in exceeding the record of Sir Robert Walpole for long tenure of office as Prime Minister of Great Britain. What an extraordinary thing it is that throughout the last two centuries the British monarchy has remained a symbol of our unity and of the privileges and liberties which the parliaments of the commonwealth have won for us all. Because Their Majesties are symbolic of this unity and this great progressive democratic tradition, it is with pleasure that we join the Prime Minister and the Leader of the Opposition in this message of congratulations and good wishes.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I am glad to be able to join with the Prime Minister and the Leader of the Opposition in this expression of our good will and congratulations to Their Majesties the King and Queen on the twenty-fifth anniversary of their wedding day.

I speak for all in the Social Credit group when I say that we are deeply mindful of the high place which the King and Queen hold in the hearts of the people of this country and of the commonwealth as a whole. We wish for them long life and a continuation of the splendid example which as the royal family they have set to all the people of the commonwealth.

Motion agreed to.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I would suggest that the house express its approval of the resolution by joining in singing God Save the King.

The members rose and sang

God Save the King

and at the Prime Minister's suggestion, three cheers were given for the King and Queen.

[Mr. Bracken.]

TORONTO BOARD OF TRADE

EXPRESSION OF THANKS OF VISITING PARLIAMENTARIANS

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, on a matter of privilege, in the name of those members who accepted the invitation of the board of trade of the City of Toronto through its worthy president, Mr. Hugh H. Lawson, to visit the Queen City under its auspices on the 24th and 25th of this month, I wish to take a few minutes of the time of the House of Commons to express the thankfulness and appreciation of the many members of the house, representing every province and every political group in this assembly, who accepted the invitation.

No expression of gratitude on my part could properly record our appreciation of the warm and cordial reception we were accorded by everyone, the friendliness of our hosts, and the interesting instructive program which most delightfully guided all our activities during our sojourn, and which was expertly scheduled and smoothly and beneficially implemented.

The same sentiments are also gratefully expressed to the mayor of Toronto, Mr. Hiram McCallum, and to the city of Toronto for their welcome and the banquet at which we were guests last Saturday evening.

Our thanks are also extended to the officials of the Toronto Transportation Commission for their most instructive demonstration dealing with civic improvements and rapid transit. Special mention should be made of the excellent transportation facilities which were provided for us and which we thoroughly enjoyed throughout the trip.

I should also like to express our most sincere appreciation to Mr. Thomas Rennie, former chairman of the Toronto Harbour Commission, and to the commission itself, for the information they provided us, the well-planned tour of the harbour by boat, and the luncheon given to us yesterday.

We express our most sincere gratitude also for the warm and gracious hospitality extended to us at a reception given by the Lieutenant-Governor of Ontario, Hon. Ray Lawson, and Mrs. Lawson, at their Oakville residence.

I also wish to express well deserved thanks to all the federal members representing the city of Toronto and adjacent districts, and their wives, for the courtesies and attentions they bestowed upon us on all occasions.

We cannot let this opportunity pass without making reference to one of our members who by his constructive contributions to civic and national welfare has left a deep imprint upon the hearts and minds of the citizens of his

city, of which he had been the mayor for seven consecutive years; and he has been a active representative in this parliament almost continuously since 1921. We all realize that he is a peer among his people, and that he is held in the highest respect and affection by all. He was our constant companion, giving us practical and illuminating information on civic matters, and, by his wide experience and enthusiasm, inculcating in our minds a better knowledge and understanding of the problems and aspirations of the fine progressive people of the city he serves so well, in both the civic and the federal field. I refer, as all members know, to the hon. member for Broadview (Mr. Church).

I feel that we should be remiss in our duty if we did not express to you, Mr. Speaker, our sincere admiration for the delicate, efficient and eloquent manner in which you expressed your sentiments when on several occasions you were called upon to speak. The spontaneous and prolonged applause you received in every instance from all your listeners was ample evidence of the impression made upon them by the words spoken by you in our behalf.

As a result of this journey we know that section of the country better than we did before, and there is no doubt that such contacts make all of us feel more friendly toward the people of the splendid city we had the good fortune to visit under such pleasant and efficient auspices, and a little closer to them than ever before.

Mr. J. A. ROSS (Souris): Mr. Speaker, in order to make it unanimous, having been privileged to accompany the delegation to the city of Toronto, I should like to add a word of appreciation of the courtesies and hospitality we received from the Toronto board of trade, the city council, the Toronto harbour commission, the Toronto Transportation Commission, and all their officials, who contributed to making this a most educational and entertaining visit.

We spent two delightful days in the city, well on into the evening and night, and those who were able to rise early on Sunday morning and go out and inspect the new Sunnybrook veterans hospital found it an experience well worthwhile.

I do not want to take up any more of the time of the house, but I wish to endorse all that the hon. member for Cochrane (Mr. Bradette) has said, and to express our unanimous thanks to all those who had so well planned and organized our visit. In saying that I am sure that I speak for all hon. members As one who comes from the far distant prairie provinces may I say that the visit has given me a much better understanding of the problems of this great Canadian nation.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I do not rise to move an amendment, but I should like to say that we of the Co-operative Commonwealth Federation also want to make it unanimous. We should like to be associated with the expressions of appreciation that have already been uttered by the hon. member for Cochrane (Mr. Bradette) and the hon. member for Souris (Mr. Ross). We all enjoyed the week end immensely, and are grateful for the hospitality shown us.

I should also like to join with the hon. member for Cochrane and say that we of this group, as well as hon. members from all parts of the house, were proud of Your Honour on the occasions on which you were indeed our spokesman. I think Your Honour would probably wish me to add that we were proud last night of the hon. member for Cochrane when you called upon him to be the spokesman for us on one occasion.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I should like to join with those who have already spoken in appreciation of the splendid entertainment which was provided for us in Toronto. It is a matter of much satisfaction that on such an occasion all parties could meet on a non-partisan basis in the city of Toronto on the invitation of the board of trade. That all parties were very efficiently represented was indicated by the large number of members of all groups who were present.

Special appreciation should be expressed to the city of Toronto for the manner in which they carried out their entertainment program. It was gratifying to all of us who were there to see the way in which the city of Toronto entertained the federal members regardless of party lines.

The members of this party would like to join with those who have already spoken in extending our thanks and appreciation.

HARBOUR COMMISSIONS

NORTH FRASER—SUBSTITUTION OF CITY OF VANCOUVER FOR MUNICIPALITIES OF SOUTH VANCOUVER AND POINT GREY

Hon. LIONEL CHEVRIER (Minister of Transport) moved the first reading of Bill No. 208 (from the senate) to amend the North Fraser Harbour Commissioners Act.

Motion agreed to and bill read the first time.

NATIONAL PARKS ACT

CONSOLIDATION OF PARK DESCRIPTIONS—REGULATIONS EFFECTIVE WHEN PUBLISHED IN "CANADA GAZETTE"

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources) moved the first reading of Bill No. 209 (from the senate) to amend the National Parks Act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

HEALTH AND WELFARE—CHILD AND MATERNAL DIVISION—PUBLICATIONS

Mr. ROSS (Hamilton East):

What publications are distributed by the child and maternal health division of the Department of National Health and Welfare?

Mr. MARTIN: No publications are distributed by the child and maternal health division of the Department of National Health and Welfare.

The responsibility for the production and distribution of all health education material rests with the information services division of the department, and distribution of most books, pamphlets, folders, posters and other similar material is normally made through the provincial departments of health. Where the provincial departments have active divisions of health education the best possible use of such material can be made when it is placed in the hands of public health nurses and medical health officers who are directly in touch with the public, or when distributed through well-baby clinics, health units, child guidance clinics, etc., etc.

Many publications of the Department of National Health and Welfare have to do with the health and welfare of mothers and young children. Chief among such publications is the 232-page book "Canadian Mother and Child" written by the chief of the child and maternal health division, over 800,000 copies of which have been distributed to expectant mothers and others interested in child care.

Booklets, pamphlets and posters published by the department include the following:

"Healthful Living"; "Your Baby's Teeth"; "Your Child's Teeth".

Pamphlets dealing with dental hygiene;

"Polio": A leaflet dealing with infantile paralysis;

"Let's Talk Food Mother"; "Mother! The School Lunch". Pamphlets on nutrition.

[Mr. Chevrier.]

"A Children's Charter". A booklet on Family Allowances in Canada.

A set of six posters on immunization.

A series of folders on child training, originally produced and distributed by the Canadian welfare council and now taken over by the Department of National Health and Welfare, is being revised and reprinted for general distribution through provincial channels. Already published are three in this series entitled:

"Obedience: How Can I Teach My Child to Obey?" "Bed-Wetting: How Can I Correct My Child's Habit?" "Feeding Habits: How Can I Guide My Child's Eating?"

Three others in this series will be issued very shortly, as follows:

"Temper: How Can I Control My Child's Outbursts?" "Fear: What Makes My Child Afraid and Nervous?" "Sex: What Should I Tell My Child?"

A new folder devoted to child and maternal health, which will be appearing soon, is entitled "Ten Points to Remember—Before and After Baby Comes". This is intended as complementary material for distribution when the department's films on child and maternal health, "Mother and Her Child" and "Know Your Baby" and the filmstrips—"Nine to Get Ready" and "Introducing Baby" are being shown.

FLOOD CONDITIONS—TORONTO AREA

Mr. CHURCH:

Regarding the great damage to the federal Department of Public Works breakwater at Wards to Centre Island, Toronto Island, has the district engineer of the department yet reported on this, and what action is being taken to remedy the damage?

Mr. FOURNIER (Hull): Yes, report dated April 23, 1948. No action is being taken to remedy damage, as recent examination revealed that no damage whatever had been sustained.

AFTON-BAYFIELD-SUMMERSIDE RURAL MAIL SERVICE

Mr. BLACK (Cumberland):

1. What is the government's policy in regard to the establishment of rural mail routes?

2. Are the wishes of the majority of the patrons respected?

3. On whose recommendation was the Afton-Bayfield-Summerside, in Antigonish county, Nova Scotia, scheme proposed or inaugurated?

4. Is it the intention of the postal department to establish this rural route in opposition to the wishes of the vast majority of the people served?

Mr. BERTRAND (Laurier):

1. Rural mail routes are established in reasonably well settled rural areas to provide

an improved standard of postal service commensurate with the requirements of the community.

2. Rural mail delivery service is not placed in operation until at least fifty per cent of the eligible residents have purchased and erected rural mail delivery boxes.

3. Action in this case was taken on a report of the post office inspector based on representations of Mr. J. R. Kirk, M.P.

4. Rural routes are never established in opposition to the wishes of the people.

WAR VETERANS' ALLOWANCES—VETERANS WITH CHILDREN

Mr. WINKLER:

1. How many veterans receiving war veterans' allowances have children who are minors? How many minors does this grouping embrace?

2. How many T.B. patients receive war veterans' allowances? How many children are there in the families of such T.B. patients?

Mr. GREGG:

1. Records are not maintained to reflect the answers to this question, as war veterans' allowance is not paid in respect of minor children as such, except orphans. War veterans' allowance is paid at higher rates to married recipients whether or not they have children, and irrespective of the number thereof. War veterans' allowance is also paid at higher rates to a widowed recipient (a widower or widow), having dependent children, irrespective of their number.

2. Records are not maintained to reflect the answers to this question as, in the case of a veteran under the age of sixty, war veterans' allowance is awarded on the basis of established incapacity, regardless of the nature of the disabling condition, and, in the case of a veteran over sixty, the question of disability is not a determining factor.

WHEAT PRODUCERS CERTIFICATES

Mr. DIEFENBAKER:

1. What is the total number and amount, by provinces, of wheat producers certificates covering the wheat crops of each of the years 1943 and 1944 that have not been presented for payment to the wheat board?

2. What is being done to ascertain the identity of the persons entitled to such unpaid certificates?

Mr. McILRAITH:

1. 1943 Crop	Bushels	Value	% Unpaid	Number of Prod. Certs.* (estimate)
Manitoba	2,885,198-05	$ 340,511 03	7·95	24,944
Saskatchewan	10,660,263-10	1,331,549 14	6·18	97,552
Alberta and B.C.....	7,805,234-55	1,038,660 60	9·55	76,104
	21,350,696-10	$2,710,720 77	7·38	198,600
1944 Crop				
Manitoba	4,461,677-30	$ 833,961 33	10·63	25,623
Saskatchewan	16,898,590-30	3,174,364 49	7·73	97,519
Alberta and B.C.....	11,459,272-30	2,147,024 59	12·56	65,958
	32,819,540-30	$6,155,350 41	9·32	189,100

The above figures are as at March 31, 1948.

* The number of producers certificates outstanding is an estimated figure, as an actual count was not made, but the figures stated are approximately correct for all practical purposes.

2. The producers concerned have not yet been contacted directly regarding certificates outstanding in their favour for two main reasons—

(a) Both accounts are still very active, as during the month of March we dealt with approximately 2,500 claims (1943 crop) and 8,000 (1944 crop).

(b) A very large percentage of the outstanding certificates are being held by the producers concerned until such time as they elect to forward them for payment, and only a comparatively small number are actually lost certificates.

By circular to elevator agents, reference was made to both crop years and the quantities and relative amount outstanding. A poster was subsequently supplied to all elevator agents. Producers who were holding 1943 and/or 1944 crop certificates were specifically requested to forward them to this office for settlement.

At a later date, when the accounts become less active and the volume of outstanding certificates is reduced, the producers concerned will be contacted individually by means of a form letter. In the meantime, when we receive definite advice that certain certificates have been lost or mislaid, the producer concerned is forwarded a "Lost certificate application form" which, when returned completed, is authorized for payment without delay.

FAMILY ALLOWANCES—VIOLATIONS OF REGULATIONS

Mr. COLDWELL:

1. How many persons have been prosecuted for violation of the family allowances' regulations since the family allowance act came into effect?
2. How many convictions were obtained?

Mr. MARTIN:

1. Eight.
2. Seven convictions have been obtained to date; one pending.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FREIGHT RATES—INCREASE NECESSARY TO PRODUCE EVEN BALANCE SHEET

Mr. ISNOR:

(1)
Based on the volume of freight traffic and the cost of operations in 1947, what percentage increase in freight rates was necessary to bring about an even balance sheet—(a) to the Canadian National Railways; (b) to the Canadian Pacific Railway?

(2)
1. What was the volume of freight traffic in the Atlantic region of the Canadian National Railways for the year 1947?
2. What was the cost of operation?
3. What percentage increase in freight rates was necessary to bring about an even balance sheet?

Mr. CHEVRIER: I would ask that these two questions be passed as orders for returns. The railways do not operate their accounts on a cost accounting basis, separating their expenses between their passenger, mail and express, etc.; therefore it is impossible to give the information asked for by the hon. gentleman. What we can do is to file exhibits covering, in part, some of the things asked for, which was given at the hearings in the freight rates case, if that is satisfactory to the hon. gentleman.

FILM BOARD—OFFICES, AGENCIES AND STUDIOS

Mr. FRASER:

1. Does the national film board maintain any agencies, offices or studios in Canada, other than those offices and studios, etc., in Ottawa?

[Mr. McIlraith.]

2. If so, where are these offices, agencies or studios located?
3. Does the national film board pay the rent of the premises occupied by the above, and if so, what rental is paid for each property?
4. If the national film board does not pay the rental of these properties, give name of department paying rent, or upkeep, and the amount of rent, or upkeep, of each agency, office or studio.

REPRESENTATION—ADDITION OF MACKENZIE DISTRICT TO YUKON

Mr. BLACK (Yukon):

Did not residents of the district of Mackenzie and of Yukon Territory petition parliament or the government not to add Mackenzie district to Yukon?

Mr. GIBSON (Hamilton West): Return tabled.

WARTIME TAX AGREEMENTS

Mr. FAIR:

1. What amount of taxes has been collected each year from each province under the wartime tax agreements?
2. What amount has been paid to each province each year as a result of the above mentioned agreement?

SOLDIER SETTLEMENT

Mr. FAIR:

1. How many veterans of great war I took out loans under the soldier settlement board scheme?
2. What is the total amount of loans extended?
3. What is the total amount of interest accrued from the inception of the scheme to December 31, 1947?
4. What rate of interest was charged?
5. What rate was paid by the government for use of this credit?
6. From whom was it obtained?
7. What amount of (a) principal; (b) interest, was repaid up to December 31, 1947?
8. What amounts were cancelled under the different legislation?
9. What was the total still outstanding at December 31, 1947, of (a) principal; (b) interest?
10. Since the scheme became operative until December 31 last, how many settlers (a) signed quit claim deeds; (b) were served with 30-day notices to vacate?
11. How many settlers still were in debt to the board at December 31, last?
12. How many of those are over 70 years of age?

FEDERAL GOVERNMENT—EMPLOYEES

Mr. STEPHENSON:

1. What was the total number of employees employed by the federal government as of March 31, 1948?
2. What was the total salaries of these employees as of March 31, 1948?
3. What is the number of employees in each department of government and the total salaries paid in each department?

4. What are the names of the existing crown commercial corporations or boards of the federal government as of March 31, 1948, and what (a) is the number of employees in each and the total salaries paid; (b) are the names of the directors or administrators and the salaries paid each?

WHEAT BOARD ACT AMENDMENT

OATS AND BARLEY—DECISION IN CANADIAN WHEAT BOARD VS. HALLETT AND CAREY

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I wish to direct a question to the Minister of Justice. It has to do with the matter which was brought up by the hon. member for Lake Centre (Mr. Diefenbaker) two or three days ago, but to which at that time the ministry was not in a position to answer.

In view of the press reports on the judgment of Chief Justice E. K. Williams of the Court of King's Bench of the province of Manitoba, in which the chief justice held invalid the powers exercised by the government with respect to barley under the National Emergency Transitional Powers Act, I desire to ask two questions. First, is the government taking steps to have the judgment appealed, and second, what effect will the judgment have on existing controls that derive their validity from the same act?

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, in answer to the first question, instructions have been given to appeal from the judgment of Chief Justice Williams. In answer to the second question I would say that, so far as I can ascertain, the judgment has no effect on existing controls that derive their validity from this act. The validity of the act itself was affirmed by Chief Justice Williams. The authority of the governor in council to pass a certain order in council appropriating property was denied in the judgment of Mr. Justice Williams. But I am not aware of any prejudicial effect upon any other controls.

Mr. DIEFENBAKER: Did not that judgment decide that the bare reference in an order in council that an emergency existed was not of itself sufficient to permit emergency legislation?

Mr. ILSLEY: I cannot discuss the judgment here, and therefore I am unable to answer the hon. member's question. Probably the answer would have to be given with many qualifications, if I did attempt to answer it. But I am answering the question of the leader of the opposition (Mr. Bracken), whether the effect of this judgment is to unsettle existing controls. My answer is that I think not.

PENITENTIARIES

BREAKOUT AT KINGSTON—REQUEST FOR ACTION BY GOVERNMENT

On the orders of the day:

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, I should like to ask a question of the Minister of Justice, arising out of the murderous breakout today in Kingston penitentiary, following as it does so quickly on the recent successful breakaway. Does the minister intend to have an investigation made and drastic measures taken to prevent such things from recurring?

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, I wish first to get a full report on the circumstances. The convicts who broke out this morning at 9.40 have been apprehended by the penitentiary staff who pursued and caught them, and who have them in custody at the present time. Nevertheless it may be that a careful investigation is indicated.

INCOME TAX

FARMERS—REQUEST FOR EXTENSION OF LAST DATE FOR FILING RETURNS

On the orders of the day:

Mr. C. E. STEPHENSON (Durham): Mr. Speaker, I should like to ask a question of the Minister of National Revenue. In view of the fact that rural law offices and auditors' offices are overwhelmed by requests from farmers to assist them in connection with their income tax returns would the government consider extending the date for the final filing of the returns so that the returns may be completed?

Hon. J. J. McCANN (Minister of National Revenue): Mr. Speaker, I do not think there is any authority at the present time for extending the final date at which returns must be made. I have not had notification of the question; but if there is any change from the usual procedure it will be announced.

Mr. SMITH (Calgary West): Mr. Speaker, I should like to ask a question of the Minister of National Revenue, and I do so because of the number of communications I have received from central and southern Alberta. In view of the fact that, according to this morning's paper, there is another tremendous storm reaching from central Alberta to within fifty miles of the United States border, will the minister give consideration to postponing the date of returning income tax forms? I

can assure him that the roads in many sections during February and March, and even now, have been impassable; and they will continue of course under present conditions.

I make the request seriously because I know many people are anxious to make their returns, and if they cannot do so will be subject to severe penalty.

Mr. McCANN: In view of the representations made by the hon. member, and of the extraordinarily bad conditions which appear to have obtained in the last month or so, I shall certainly bring to the attention of the government the matter about which he has spoken, and will later indicate the decision arrived at.

Mr. COLDWELL: Saskatchewan and Manitoba are in the same position.

Mr. SMITH (Calgary West): I shall send the minister one letter which I have on my file.

HOUSE OF COMMONS

SPECIAL COMMITTEE ON PROCEDURE—REFERENCE TO PRESS REPORT OF BROADCAST BY MR. CLAXTON

Mr. GORDON GRAYDON (Peel): Mr. Speaker, I rise to ask a question on a matter of privilege, rather than to make an inquiry of the government. I wish to lodge a protest in connection with certain matters precedent to the calling of the committee on house rules, which is to be convened for the first time tomorrow.

As Your Honour very well knows, the idea behind the calling of that committee was that it should consist of as few members as possible, and that those members should be as representative as they could be, having in mind certain circumstances and conditions in connection with the political parties. Two members of the committee were to be from the government, one from the Progressive Conservative party, one from the C.C.F., and one from the Social Credit party. At best, the getting of agreement on certain necessary changes in house procedure and rules will be difficult enough. But, Mr. Speaker, when the Minister of National Defence (Mr. Claxton) in a broadcast which was reported in the press on Friday—I could scarcely believe it, or I would have raised the question then—puts entirely upon the Progressive Conservative party the blame for the necessity for revising those rules, then I must protest. And more than that, I say to the minister that, after all, if he wishes to beat his leadership drums around through the country, or on the air or elsewhere, I do not want him to do so at

the expense of trying to get agreement while the rules committee is sitting. If that is to be the attitude of the government, they can get ready for a first-class fight when the committee convenes tomorrow.

SOLDIER SETTLERS

REQUEST FOR CLEAR TITLE TO VETERANS WITH UNPAID BALANCES

On the orders of the day:

Mr. ROBERT FAIR (Battle River): Mr. Speaker, today the Prime Minister moved a motion extending felicitations to Their Majesties the King and Queen upon the celebration of their twenty-fifth wedding anniversary, after which the members joined lustily in singing God Save the King. A little later, well-merited thanks were extended to the Toronto board of trade and others in that city for their hospitality on the occasion of a visit of parliamentarians to Toronto. Since coming into the house I have had handed to me a copy of the *Western Producer*, which contains a letter dated April 22 over the signature of Walter Tucker, House of Commons, in which he deals with the question of clear title to soldier settlers. I wish to read three or four lines from the letter, and then to ask a question.

This is in reply to a letter entitled "Tucker and the Veterans" which appeared in a former issue of the *Western Producer*. It says:

> If he is I can only say to him that I have urged, and am continuing to urge, that these old S.S.B. accounts should be settled on an individual basis so that in those cases which warranted it clear title could be given for a further perhaps nominal payment, and other cases adjusted accordingly on a fair and generous basis.

I want to ask the Prime Minister and the Minister of Veterans Affairs if they will be good enough at this session—not later—to see that all those 3,000 veterans are granted clear title, without delay. I do not want the House of Commons to have to rise and sing God save our old soldier settlers of great war I. Let us give them clear titles instead. May I ask the minister for an answer?

Hon. MILTON F. GREGG (Minister of Veterans Affairs): I shall study carefully the question asked by the hon. member.

NATIONAL DEFENCE

CHANGES AT NO. 5 EQUIPMENT DEPOT

On the orders of the day:

Mr. H. R. EMMERSON (Westmorland): Mr. Speaker, I should like to ask a question of the Minister of National Defence. I would ask him what action his department has taken with regard to No. 5 equipment depot which

would warrant the headlines in the local papers and warrant local radio announcements referring to the closing of that depot.

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, No. 5 equipment depot has an establishment of nine officers, 137 other ranks and 221 civilians. That establishment is being reduced to eight officers, 102 other ranks and 195 civilians, largely due to the removal of the instrument repair section consisting of one officer and 11 other ranks. The purpose of its being moved is to promote efficiency and economy by putting that section in close working arrangement with the corresponding civilian industry and also to put it in a centre of population, industry and military activity in Ontario.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS RESPECTING CONTRIBUTIONS, PROCEDURE, OFFENCES AND PENALTIES

The house resumed from Tuesday, April 20, consideration in committee of Bill No. 203, to amend the Unemployment Insurance Act, 1940—Mr. Mitchell—Mr. Golding in the chair.

On section 1—Exempted persons.

Mr. KNOWLES: The other night at a previous stage of this bill the minister indicated that he had an open mind on one question that I brought to his attention. The question had to do with the request of certain labour bodies that provision be made for three umpires instead of one. I see no provision for that in the amending bill now before us; hence my question at this time. Can the minister say whether further consideration has geen given to this request, and if so, with what result?

Hon. HUMPHREY MITCHELL (Minister of Labour): While it is true that I said I had an open mind on the matter, I should like to point out to my friend that sometimes all wisdom does not necessarily come from national organizations or national political parties. The resolution to which he refers came, I believe, from the Winnipeg trades and labour council. Provision is made in section 53 of the legislation giving the commission power to appoint additional umpires, or deputy umpires, as they call them. But the commission is of the opinion at the moment that the volume of work is not of sufficient magnitude to warrant the appointment of additional deputy umpires. Last year the umpire dealt with 136 cases. While it is a matter of judgment and opinion, I still think there is something to be said for one umpire, where you do not get a difference of opinion in interpretation of these problem cases. My hon. friend may rest assured that should the volume of work become such that the commission and the government feel it is necessary to appoint deputy umpires in order to expedite the work of the commission, we shall be glad to do it.

Mr. KNOWLES: Then I can take it as definite that no change in the act itself is needed in order to make this possible?

Mr. MITCHELL: No. Section 53 permits the appointment of deputy umpires. That had slipped my mind. It is already provided for in the act.

Section agreed to.

Sections 2 to 21 inclusive agreed to.

Title agreed to.

The DEPUTY CHAIRMAN: Shall I report the bill?

Mr. MITCHELL: I should like to thank hon. members for the quick passage of this bill. The work which has been put into its preparation in the last twelve months is, I think, appreciated by the committee.

Mr. SMITH (Calgary West): All good legislation gets the same treatment.

Mr. KNOWLES: In view of the appreciation just expressed by the minister, might I suggest to him that he refrain from asking for third reading today.

Mr. MITCHELL: Yes, certainly.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time?

Mr. KNOWLES: Next sitting.

Mr. SPEAKER: Next sitting of the house.

DOMINION ELECTIONS ACT

PROVISION FOR INCREASE IN SALARY OF CHIEF ELECTORAL OFFICER

Hon. COLIN GIBSON (Secretary of State) moved the second reading of Bill No. 198, to amend the Dominion Elections Act, 1938.

He said: This bill, Mr. Speaker, is to be referred to a special committee of the house after second reading. A special committee has been set up to consider it.

Mr. JOHN R. MacNICOL (Davenport): I know it is to be referred to the committee, Mr. Speaker, but is it in order to make comments at this time?

Some hon. MEMBERS: Certainly.

Mr. MacNICOL: I will not be long, Your Honour. I have had a great deal to do with election acts. I am thoroughly familiar with the election acts of all the democracies, particularly those of the British empire. I am glad to say that on the whole the Dominion Elections Act, which came from the committee and is going back there, is in my opinion the best election act in any of our democracies. I do not say it is perfect, but it is better than any other act in operation in any component part of the British empire. It is a monument to our chief electoral officer, who has studied election acts more than anyone else I know of. He was a very great help to the committee, as was also the chairman. I did not notice the hon. gentleman in the house, but I can repeat that statement. He was an excellent chairman and kept the committee going forward all the time.

I might mention just one or two things the act does, which lead me to say it is a most excellent piece of legislation. In some parts of Canada when an election occurs we may have both fast and slow time. The act now makes it specific that at all times during an election standard time governs. I believe that is something new.

The part of the act dealing with advance polls has been improved to permit sailors, mounted policemen and government officials who are to be absent on government work, to use them, all of which should have been done in previous acts. It seems to me that for years the chief electoral officer has been keeping notes of things that should be done to bring the act right up to the minute, and so far as I have observed he has not left out anything. It was not his fault we did not adopt the Quebec system of manning and conducting the polls. I brought up the matter, but the committee did not see fit to adopt the suggestion. I believe it would have been an improvement, and when the act is again revised I hope the Quebec system will be followed. There the government of the day names the returning officer, while the party receiving the next highest vote names the clerk. I have advocated that for years in this house. I am not now going to complain because my suggestion was not adopted; I am satisfied to let it go through as it is, but on another occasion I hope we may be big enough and broad enough to adopt this change. It simply means that you take politics right out of the polls, and it would obviate the necessity of other parties having scrutineers, because with two parties represented there would not be much chance of crooked work.

Another provision in the act permits all Japanese who served in our forces during the last war to vote. Not only that; they are accorded the same privilege that our own people are given, namely that their wives may vote as well. I am convinced that this is a step in the right direction. The same thing applies to Indians, of whom several thousand served in the last war. Those Indians and their wives are also permitted to vote. The Indian committee has not yet reported to the house; we do not know what they will recommend in reference to permitting all Indians to vote, so I am not going to offer any comment on that at the moment.

Another clause permits all veterans of the late war under twenty-one years of age at the time of the election to vote. I believe that also is a step in the right direction. Perhaps by the time an election comes along there will not be any veterans less than twenty-one years of age; but if there are, they too will be able to vote.

Another section deals with students at universities or colleges. If they are registered at the university or college on the day of the issue of the writ they will have the privilege of registering to vote either in their home ridings or at the university or college they are attending. In the past many students have been barred from voting merely because they were away from home at the time of the enumeration.

Another provision which I think is very good pertains to soldiers in hospitals. A soldier is allowed to choose whether he will register in the riding in which the hospital is located or have his vote transferred to his home riding.

One section perhaps will need some amending; that is the section which refers to contract workers away from home. I know the chief electoral officer has been written to about it. At the moment it is not quite clear, but I am satisfied the committee will rectify that and make it possible for persons working in ridings in which by-elections are to be held, to vote there if they were residing in that riding at the time of the issue of the writ.

I like the section referring to enumerators; it really is to the credit of the chief returning officer. When the enumeration is taking place two enumerators shall be appointed, one by the government of the day and one by the party which had the next highest number of votes in that riding. This will not mean that all parties will be represented in the enumeration, but one of the enumerators will be appointed by the government and the other by one of the other parties; and the act has been amended to provide that the enumerators will have to do their job. We had instances in connection with the enumeration in the last election where one of the two enumerators

might say, "I have to go down town for the afternoon. You go ahead with the enumeration." That sort of thing will be stopped now, and the enumerators will be compelled to go in pairs and stay on the job until it is done properly. This is another step in the right direction.

I want to say just a word about the riding of Yukon-Mackenzie, though I do not know whether we can do anything about it. We did thresh out that question thoroughly in committee, but we were not unanimous on it. Some of us felt that Yukon-Mackenzie is really an impossible riding for size. It covers over 700,000 square miles and consists of two very large areas. The activities of Yukon are not in any way related to the activities of the Mackenzie district, and there is no connection between them by air, road or railway. I cannot see how in the world any candidate can contest that riding. I have been over it myself, and I know. You cannot go straight through the Mackenzie area to Yukon. I flew there in a powerful American plane. It had to go over two high ranges of mountains, flying sometimes at an altitude of eight to nine thousand feet, and I do not think ordinary commercial planes can do that. Anyone going from the Yellowknife to the Yukon would have to go away south and then come north again; therefore I do not know how in the world the candidates contesting an election in the Yukon-Mackenzie riding can get around the riding.

The people in that area are strongly opposed to this. I am not speaking now in the expectation that anything can be done, but I would remind the house that a census will be taken in 1951, only three years hence. Then there will be a redistribution, and I hope that at that time the committee dealing with redistribution will give direct representation to the people in the Mackenzie district, as well as to those in the Yukon. As I said, the people up there are opposed to these two areas being put together.

I think I should place on *Hansard* what the local paper in Yellowknife has to say. I should like to quote from the Yellowknife *Blade* of April 5, 1948, the editor of which is John Murray McMeekan. He has been a stout advocate of separate representation for these two areas.

Mr. SPEAKER: I suggest that the hon. member confine his remarks to the principle of this bill.

Mr. MacNICOL: I do not have to read this editorial, because I know what is in it. This editor points out that there is nothing in common between the two areas.

Mr. SPEAKER: I would point out that we are discussing the second reading of a bill to amend the Dominion Elections Act, 1938, and I would ask the hon. member to confine his remarks to the principle of that bill. He will have an opportunity to discuss the bill in detail when it has reached the committee stage.

Mr. MacNICOL: I shall not continue, because I have no intention of holding up the bill. I am on the committee and I shall reiterate in the committee what I have had to say here.

I will close by saying that I think the country is to be complimented upon having such an excellent chief electoral officer.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I hope that the committee will deal with the section relating to Indians and Eskimos. Five thousand of these men fought in the first world war and even more in the second. They should be treated as human beings and given the full rights of citizens. I hope that when the committee considers the bill this section will be dealt with.

Mr. J. A. ROSS (Souris): Mr. Speaker, the minister has said that this bill will be referred to the committee, but I am almost certain that I shall not be a member of that committee. I have glanced over the bill and I cannot find any provision for the transferable vote in single constituencies. This has been a strong contention of mine, although I know that some hon. members do not agree with me.

Mr. MacNICOL: I am absolutely opposed to it. I hope there will never be anything like that in the Dominion Elections Act.

Mr. ROSS (Souris): I want to repeat what I have said in many past sessions and point out what may be the result in this country if we do not make provision for the transferable vote in single constituencies. In the federal election of 1940 seventy-four members out of 245 were returned to this house with minority votes of their constituencies. In the 1945 general election approximately 150 members out of 245 were returned to this house with minority votes in their constituencies. I submit that before a member is finally declared elected he or she should have in the transfer at least a majority of the votes cast in the riding.

This principle has been in operation for many years in Manitoba and I believe also in Alberta. If anyone wishes to study the acts and how they work out he can confer with the officials in those provinces.

I trust that the members of the committee which will be studying the act will consider this matter very seriously.

I can picture the possibility in the future of a government coming into office after obtaining only a small percentage of the votes cast. I am democratic enough to say that I would be satisfied if even an extreme socialist government came into power provided they had obtained a majority of the votes cast at the time they were elected. I do not think we should make it possible for a government to be brought into power with perhaps only a quarter or a third of the votes cast. I am thinking of the years ahead when such a thing might easily be possible.

I hope that the members of this committee will give serious consideration to providing for the transferable vote in single constituencies.

Mr. E. B. McKAY (Weyburn): Mr. Speaker, I have only a few words to say on the second reading of this bill. While we in this corner generally approve most of the amendments provided by this bill, we were disappointed last year because the voting age was not reduced to eighteen years. I hope that the committee which is to consider the bill will reconsider its attitude in this particular matter and provide that the age qualification be so reduced.

I shall repeat in committee the plea which I made last year in this particular regard. I feel that persons eighteen years of age who are old enough to don a uniform and fight for this country ought to be considered old enough to exercise the franchise. Since the government has the power in an emergency to declare that these young people must fight for their country, I feel that these same young people should have some voice in the selection of the government which has that authority.

I hope that this matter will receive more favourable consideration this year than it was given last year. The committee which was set up last year to review these amendments did a very good job. They worked long hours over a considerable period, and on the whole, with a few minor exceptions, what the committee accomplished was approved by our group. But I hope the one point I have mentioned will be given careful consideration this year.

Mr. L. W. SKEY (Trinity): I rise to put on record some suggestions which have been sent to me by one of my constituents who might be described as a shut-in. He is, however, a man who despite some physical handicaps has achieved considerable and commendable success in the business world. He has spoken to me on behalf of those who are

[Mr. Ross (Souris).]

handicapped or shut in. His name is R. S. Macdonald, and I should like to put before the minister one or two of his suggestions so that they may be considered by the committee.

The first is that the directions to district returning officers should be published in two booklets, one for urban and another for rural constituencies. This would make it easier for new returning officers to familiarize themselves with their duties without having to search through a long and cumbersome instruction booklet.

A second suggestion is that a candidate's party should be mentioned under his name on the ballot, and that he should be permitted to label himself as the official candidate of his party. I believe that that suggestion is a good one, especially in these times when we have as many as eight candidates in a constituency. Some voters are anxious to support a party with whose principles they agree, but they are confused when they find eight or ten names on the ballot.

Another suggestion is that some effort be made by the returning officers to clarify the occupation of the candidate. For instance, after a candidate's name there might be just the word "president". He might be president of anything. Perhaps the returning officers could be given instructions in that regard.

His final suggestion, and this is the one for which I particularly plead today, is that the enumerators be instructed to take the names of shut-ins, bedridden voters, who have no chance of ever getting to the poll. He suggests that when the enumerator calls at a house he ask if there are any shut-ins or bedridden people there, and that the enumerator make a separate list of such people for the returning officer, who could then mail each of them a ballot before election day. The shut-ins could mark their choice of a candidate and return the ballot in the self-addressed envelope sent by the returning officer. The returning officer would know how many ballots he had sent out by mail and could check that number against the numbers that come in, to prevent any voting by ineligible persons. He would then credit the ballots to the proper candidates and deposit them in the box.

Mr. ROBERT FAIR (Battle River): Mr. Speaker, I was a member of the committee in 1936, 1937 and 1938 when the Dominion Elections Act was being overhauled, and a pretty good job was done at that time. I also was on the committee which dealt with the Dominion Elections Act in wartime. That committee was on a non-political basis. Again last year we spent many days making minor changes in the elections act, and I do not

know whether we have had any more friendly committee than that one.

I understand that this bill is to be referred to a committee for consideration. So far, few fundamental changes have been suggested, but there is one which I think should be made to ensure that the candidate returned will have a greater proportion of the votes of his constituency than often happens at the present time.

In Alberta we have in the rural ridings what is called the single transferable vote. I think we could very well adopt that system, in the rural ridings at least, for the purposes of the Dominion Elections Act. At the present time, where you have five candidates running in a constituency, one may get only twenty-one per cent of the total vote and yet be elected to parliament. I do not believe that is good business, either for the candidate himself or for the country. I suggest that the government or the committee do something to remedy that unsatisfactory situation.

I hope that when the committee meets we shall all use the best judgment of which we are capable in dealing with the amendments which come before us.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I want to endorse what the hon. gentleman who preceded me (Mr. Fair) has just said. In Alberta we have had the single transferable vote for a long time, and in Manitoba too, and I have never in all these years heard a single complaint about it. Most people confuse it with what is known as proportional representation, but that is not the same thing at all. The single transferable vote simply means that we do what we do at a political convention which is electing a candidate, where the low man is dropped and his votes transferred until finally the person elected is bound to have fifty per cent of the votes plus one. If that system were adopted in our federal elections it would mean that the candidate elected would not be a minority representative. I am one myself, though not by very many votes; nevertheless I am.

I do not see how we can continue to talk about the grand principle of majority rule when the most of us who are here—150 of us, I am informed by an hon. member—are here without the support of the majority of the people within our ridings. There were five candidates in my riding, and on that basis a person could be elected, theoretically, we will say, with one-fifth of the vote plus one. I do hope that the committee will give consideration to the suggestion.

There is one other matter, and only one, that I wish to mention. I have not read the bill, but I do not think it contains a provision to enable permanently disabled persons to vote. I may say that being very much interested in this matter I communicated with the chief electoral officer. All of us I think will realize the justice of it, and it is only a matter of working out a rule or the conditions under which this could be done. I have had not many letters—I have had three—from my own home city, with respect to three persons there. I should not tell you their politics, sir, but perhaps you may be able to guess it; so I am helping myself to that extent.

But leaving that sort of thing out, it might be impossible at the moment in some constituencies which are far-flung and sparsely settled. It might present difficulties there but it seems to me some arrangement could be made by which we could carry the ballot to the person. It would not be a very expensive matter. I think I represent about half the city of Calgary. I am quite sure that so far as numbers go it would merely mean the employment of one or two persons and one motorcar for the day of the election.

I merely make the suggestion, sir, in order that the committee may examine it and see if it is not—to borrow the expression I hear from my friends to my left—physically possible to permit these people to exercise their franchise.

Mr. W. GARFIELD CASE (Grey North): Mr. Speaker, I should like to endorse the principle of the single transferable vote. When I was first returned to the House of Commons I was a minority member; I won a majority of all the votes at the general election. There is no guarantee that that situation will prevail, therefore in passing I should like to say that I believe it is fair and democratic and would result in returning the people's choice as their representative in the House of Commons.

My principal object in rising is to speak for a moment on behalf of the Canadian Indian. I have served on the Indian affairs committee for three years and I know there is a sense of fear on the part of the Indians themselves in seeking the franchise. They fear that they might be required to give up some of their treaty rights. The Indian was disqualified partly because he enjoys exemption from taxation. We all know of the mounting taxes which we have today. His exemption was on the land on the reserve, and is his by treaty right. But today the average Indian contributes a great deal in taxes. He pays the eight per cent sales tax; he pays the tax on gasoline, and a multitude of other taxes. On

the money he earns off the reserve he is subject also to income tax. The evidence presented before the Indian affairs committee has indicated a still further desire on his part to be relieved from the income tax; and yet some of them are making substantial incomes. It seems fair to say that if they are to work off the reserve and take the place of one who might otherwise earn this income, they should be subject to income tax. However, I am prepared to say this: if we were to grant them the right to vote in the dominion or provincial elections it would be educational in itself. It would break down the feeling of inferiority, and I do believe it can be done in a practical way; that is to say, I can imagine that some of the Indians living in the more remote areas, where they might be considered more or less primitive people still, might not have the necessary qualifications to exercise the franchise. But I do believe the act can be so worded that the Indian on an Indian reserve within or adjacent to certain electoral districts, where the Department of Indian Affairs are acquainted with their standard of education and their educational facilities, could be given the franchise.

These reserves are all well known. The Indians should be given the franchise because, as I have already said, they are making a sizeable contribution in taxation to the national exchequer and to the provincial government as well. The Indian is not prepared to accept this if it means giving up any of his rights, and yet one of the principal objects of our committee is to encourage the Indian to become a full-fledged citizen, prepared to accept his full responsibility. Such a move would be a step in the right direction if he knew in the beginning that he was not giving up any of his ancient rights to enjoy the franchise.

As the hon. member for Broadview (Mr. Church) said, these people made a tremendous contribution in both wars. I can think of the reserve adjacent to my own riding, Cape Croker, where their enlistment on a per capita basis was far greater than that of any other community I know of, and many of them made the supreme sacrifice. I realize that provision is made here for the Indian veteran to vote, and I am pleased to see an amendment to the act to permit that Indian's wife to vote. I hope that in considering this bill the committee will give serious consideration to the suggestions I have made with respect to the Indian reserves adjacent to or within electoral districts, where in the opinion of the Department of Indian Affairs the inhabitants of that reserve have reached such a satisfactory level of culture and development that they might exercise intelligently the franchise, even if in the beginning it is granted only to male Indians. There is a degree of backwardness amongst some of the women which I think could be corrected in due time through the educational advantages they are enjoying. In the beginning the franchise might be granted much on the same basis as we first enjoyed it, and after a time the women could be included, to make the job complete.

I want to say a word as to the suggestion offered by the members of the C.C.F. party with respect to young persons eighteen years of age. I have never been able to support this view. All too soon the burdens of national responsibility fall upon the shoulders of these young people. I wonder whether my hon. friend appreciates entirely what the franchise means or should mean. If we provide the franchise to the eighteen year olds, along with that franchise should go the responsibility of citizenship, the responsibility for debt, the responsibility of being sued in a court of law and subject to judgment being executed against him if one was obtained; the right to hold a liquor permit, the right to frequent beverage rooms and cocktail lounges, and everything else. I doubt whether we are prepared to go that far.

So far as the young men who enlisted are concerned, I can look back and take this view. I know that the young man of seventeen or eighteen who is full of enthusiasm, healthy and robust in physique, venturesome and willing to take a chance, would make an ideal soldier under the leadership that is provided for him. Because some of our greatest airmen were willing to venture and take a chance they made great names for themselves. The same thing applies to men in other branches of the armed services. But provision is already made in this act that even if the soldier were discharged from the armed forces, because of his enlistment he would still be entitled to the franchise irrespective of what his age might be when the election was called. Someone might say: Well, that will soon pass away; but I would be more impressed by the advantages of extending the franchise if those who now enjoy that right would roll out to the polls in greater numbers and exercise their right to vote. In other words, unless we can encourage our people to believe that the franchise holds something of advantage for them; unless we can impress upon them the great instrument the ballot really is and have them vote in larger numbers than thirty or forty or fifty per cent, why extend the franchise to those of younger years?—although I must say in my own riding

in both the by-election and the general election we polled well over seventy per cent of the eligible voters.

Of course, as the hon. member for Calgary West (Mr. Smith) and the hon. member for Trinity (Mr. Skey) has said, there are those who are shut in and unable to get to the polls. I am not prepared to say we should call for compulsory voting at this time, but I do believe that through the educational approach we should try to impress upon our young people the advantages the franchise offers. As the parent of young children I cannot think of anything of greater importance.

I believe that a man reaches mature judgment—I do not know that I would use that word literally, but certainly he reaches a stage of better judgment at twenty-five years than at twenty-one. I question very much if the youth of our land are prepared to accept this responsibility, subject to a poll tax and all the other obligations which go with it, at eighteen years of age.

I do not believe I have anything further to say, except to leave my appeal with the committee with respect to the Canadian Indian.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I should like to mention only one or two points in connection with this bill. First I would point out that there is a principle in the act by which a person is deprived of the franchise because of his race. There is a section in the act which states that if a provincial legislature deprives a person of his franchise because of race, then automatically such person is deprived of his federal franchise.

I noted that in this connection the hon. member for Davenport (Mr. MacNicol) mentioned that persons of Japanese origin were allowed to vote if they had seen service in the armed forces. However, the principle I have mentioned, which applies only in British Columbia, does apply in that province. Despite that, of course, the Dominion Elections Act provides that if a person has seen military service he is qualified to vote.

However I would draw attention to this fact, that the right to vote in Canada is not based upon military service. The right to vote in this country is based upon citizenship. And in my opinion every citizen, regardless of race and regardless of any provincial law, should have the right to vote in a dominion election. If a province lives in the dark ages, that is no reason why the federal government should also live in the dark ages. Consequently, if the committee does not change this provision then I hope the house, when the bill is before it, will remove this stain from our elections act.

I should like to say a word on the plea made by the hon. member for Grey North (Mr. Case) in connection with the vote for the Indians. I believe he suggested that some way should be found by which the Indians would be given the franchise and still retain what he described as their ancient rights. However, in view of the fact that the Indians are wards of the state, I do not see how they can be made citizens of Canada and remain wards of the state at the same time. It may be done; but it does not appear feasible to me. A citizen has to be a citizen with all his rights; and if he is a citizen with all his rghts he cannot be a ward of the state. On the other hand, if he is a ward of the state he is not a citizen with full rights of citizenship. However, as a member of the committee I shall be glad to consider the question in the light of any information that may be brought before us.

The hon. member for Grey North also opposed the proposal made by the hon. member for Weyburn (Mr. McKay) that the franchise should be given to citizens at eighteen years of age. He supported his opposition by various arguments, and indicated that if persons of eighteen years of age were to receive the right to vote they should receive various other rights such as having liquor permits, going into beer parlours, and cocktail lounges, et cetera. I assume that if he were to give the Indians the franchise they, too, would be able to have liquor permits and to frequent cocktail lounges. However, at the present time Indians cannot have those things legally. I should like to point out that we give a person of eighteen years of age the right to vote, if he has seen military service. If he is called upon to defend his country in time of need, then in my opinion he should have some say as to why that need arose which necessitated his risking his life. He should have some say as to why his country is at war. If we are to call upon young men and ask them to risk their lives in defence of their country, then surely they have reached sufficient maturity to vote for their representatives to parliament.

I should like to say a few words upon the other matter which has been discussed, namely, that of different systems of voting. Those members who praised the use of the alternative vote in Alberta and Manitoba for some reason or another were ignorant—if they were not ignorant of it, they did not mention

it—of the fact that in both those provinces they have not only the alternative vote but also proportional representation.

Mr. ROSS (Souris): Not in the same ridings.

Mr. MacINNIS: Of course not in the same ridings; you could not have proportional representation in a one-man riding. But the purpose is the same. The single transferable vote provides that before a person is elected he must have a majority of the votes cast. When the votes are counted the low candidates are counted out and the second and third choice go to the candidates in the field. That is continued until one person receives a majority of the votes cast.

It is interesting to note that this question of the single transferable vote has come to have such importance in the country at this time. I have been interested in proportional representation for many years and have advocated it. If we are to have the single transferable vote in one-member constituencies I suggest that in urban constituencies, where constituencies can be bunched, we have proportional representation.

I say that because there are two important points in connection with representation in parliament. One is that as nearly as possible the government in office should have a majority of the people behind it. The second is that significant groups within the country should have representation in parliament and in the legislatures in proportion to their members. Let me point this out, that with the single transferable vote, although every member elected might have a majority of the votes in his constituency, yet a government could be elected with the minority of the votes in the country. Consequently we may not be any farther ahead than we are at the present time.

Mr. ROSS (Souris): A minority of votes cast?

Mr. MacINNIS: A government could be elected; even with only two parties, a government could be elected with a minority of the votes cast, having regard to the total population. That is quite possible. I quite understand the attitude of my Conservative friends in this regard. They feel that their chances of being elected are getting less—

Mr. LENNARD: Do not worry about that.

Mr. MacINNIS: —and that if they are elected at all, they will be elected on the second choice, of Liberal voters.

Mr. ROSS (Souris): Who had a minority of votes the last time?

[Mr. MacInnis.]

Mr. STEPHENSON: All the hon. member has to worry about is the communist vote. The communists are going to vote for the C.C.F.

Mr. MacINNIS: We are the only party in this house that rejected the communist vote—

Mr. STEPHENSON: That does not help you. They are going to vote for you anyway.

Mr. LENNARD: The hon. member for Vancouver East is wrong.

Mr. MacINNIS: —as has been pointed out.

Mr. LENNARD: That is an absolute misstatement which the hon. member for Vancouver East (Mr. MacInnis) has just made. He said his was the only party in the house which had rejected the communist vote. That is a misstatement.

Mr. MacINNIS: I say I cannot find on record anywhere that any other party rejected the communist vote.

Mr. SKEY: The leader of the opposition said we did not want it.

Mr. ROSS (Souris): And that will be found in *Hansard*.

Mr. CASE: The C.C.F. is the only party in the house the communists are going to vote for. That might make a difference.

Mr. MacINNIS: At the proper time I will give this house an exposition—I believe that is the proper word—of what the communist word is worth; and I will quote chapter and verse.

As I said, I have been interested in proportional representation for quite a long time, and have been gathering information on it. I have in my hand an article which appeared in the Ottawa *Citizen* on February 4, 1943. It is a reprint of an editorial in the Winnipeg *Free Press* of January 19, 1943. This is what the Winnipeg *Free Press* had to say on the question of a new system of voting. I will not read it all, it is fairly long. This article is advocating both the alternative vote and proportional representation. In regard to proportional representation it says:

> The election of the best men of all the groups could be practically assured by having them nominated in the cities with P.R. in operation. That is the effect of the larger multi-member constituency in which the single transferable vote is used. Leading government candidates and leading candidates of the Conservative party and the Labour party have been regularly elected in the provincial elections in Winnipeg.

Earlier in this article the *Free Press* had this to say:

> It is significant to find support for this reform coming from the Montreal *Gazette*, usually not keen for new experiments.

Here we have the Conservative Montreal *Gazette* and the Liberal *Free Press* in full agreement and for the same reason.

The article continues:

> Now it sees that the two-party system is gone and that "there are many ridings in Canada where the C.C.F. will win if Liberals and Conservatives both enter candidates and thus divide the non-Socialist vote." P.R. would remove this danger, it says and "it would prevent the extreme left from gaining power, or the balance of power, on a minority popular vote, an eventuality which appears increasingly likely under our present ballot system."

In another place in this article I believe, the Winnipeg *Free Press* pointed out that the old system was all right as long as it worked in the interests of the old parties; but the moment the old system has begun to work in the interest of the new parties, then the old system is bad and it should be changed. I have no objection to change when change is desirable; but I should like to find people advocating changes on principle, and not because the old system no longer favours them.

Mr. ROSS (Souris): Example: Saskatchewan.

Mr. MacINNIS: The Saskatchewan government was elected on the old system, and it is still going to the country on the old system.

Mr. ROSS (Souris): What did they do about bringing in this change they had in their platform?

Mr. KNOWLES: They had a clear majority.

Mr. MacINNIS: They had a full majority, and I do not know what change my hon. friend is referring to.

I do not know that there is anything further I wish to say on this point. If it comes up in the committee I shall have something more to say on it. I am not opposed to electoral reforms that will assure the people of Canada the opportunity to exercise fully their democratic right of electing members to this house. But I would just warn my hon. friends to my right—and any on the opposite side of the house who think as they do, if there are any—that they might save a few years for themselves in office with a move of this kind, but eventually—

Mr. ROSS (Souris): Some of us have other things in life to do than this.

Mr. MacINNIS: —it will catch up with them and they will be in the position in which they find themselves in British Columbia. No matter how much the Liberals and Conservatives hate it, they must work together if they are to prevent the C.C.F. from coming into office.

Mr. STEPHENSON: And the communists.

Mr. MacINNIS: The communists will be with you, I say to my hon. friend, whenever they think there is anything to be gained from you.

I was greatly interested when in Victoria recently. A provincial by-election was being held close by. The seat that was to be filled had been held by a Liberal. A joint nominating convention was to be held, on this basis: The Conservative wing of the coalition could attend the nominating convention along with the Liberal wing, but the Conservatives could nominate only Liberal candidates to contest the seat. Before the nominating convention was called the Liberals nominated a candidate. When the Conservatives saw that, they would not attend the convention at all. In British Columbia the old parties are in an uneasy position. I do not wonder at my hon. friends wanting to keep out of it as long as possible. They are not going to keep out of it for long by merely changing the method of elections, although they may decide to abolish elections altogether. Who knows?

Mr. ROSS (Souris): We know who would like to do that.

Mr. F. E. LENNARD (Wentworth): In these days, Mr. Speaker, it seems popular in some quarters and with some people to suggest that teen-agers should be given the franchise. I am not clear as to whether or not they want that privilege. As far as my own riding is concerned, only a few months ago at the Westdale collegiate, a large high school in that riding, this matter was taken up by the youth organization. It was ably argued against and voted down by a considerable majority. The same thing happened in the town of Dundas, in which I live; the high school there voted it down almost unanimously. So, as I say, I am not at all sure that these teen-agers are in sympathy with this movement on the part of a great many people who feel that it would be to their advantage to have this change.

I could not remain in my seat and allow this discussion to continue without stating that I am not at all sure these young people want the franchise.

Mr. RODNEY ADAMSON (York West): Very briefly, Mr. Speaker, I want to oppose the single transferable vote. Despite the fact

that I personally am a minority representative, having received I think forty-four or forty-five per cent of the votes cast, I still believe the single transferable vote would complicate our voting procedure and furthermore would lend itself to a duplication of candidates with complex instructions to the electors how to cast the second vote. From the point of view of my own constituency, which is a large industrial constituency in Ontario, I see nothing but complication, confusion and a general lack of efficiency in the taking of a vote under this system.

I have not had any experience with the single transferable vote or with proportional representation, but I must also oppose proportional representation because almost always you find that the man whose name heads the ballot stands the greatest chance of election. So much is this the case that in many instances the names are jumbled alphabetically after every thousand or so ballots, so the people will not be influenced by the names at the top of the list and vote as they really wish. Proportional representation may be all very well for those of us whose names begin with the early letters of the alphabet, but I feel that individual contact between the elector and the candidate for whom he wishes to vote is the important contact to maintain. To confuse the matter by complicating the electoral machinery would, I think, not give as direct representation as we have at the present time, despite the faults in the present system which many of us in this house recognize.

I should like to mention one other matter which has to do with the boundaries of constituencies bordering cities, though I do not think it comes under the Representation Act. Certainly this matter concerns the four York ridings and probably a number of others contiguous to metropolitan areas. In almost all cases, for the purpose of constructing streets, the city boundary does not run down the centre line of a street bordering a city. The city boundary runs one lot, or sixty feet, behind the outside edge of the street. In other words, in the case of York West, people living in the front of an apartment house on Bloor street will vote in the city riding of High Park, while those across the hall in the same apartment building will vote in the county riding of York West. I want to suggest that this anomaly should be corrected, if at all possible. Certainly it confuses a great many voters who live in apartment houses, part of which are in one riding and part in another. Despite the fact that the city boundaries are not the same as the boundaries of the ridings, I suggest that, in order to simplify the matter, whenever possible the centre street line be used as the constituency boundary.

Then I should like to add one word to the remarks of the hon. member for Grey North (Mr. Case) with respect to the eighteen-year-old having a liquor permit, and so on. The hon. member for Vancouver East (Mr. MacInnis) pounced upon that, which I suppose was to be expected; but the point is, are you going to make the eighteen-year-old, who is in many cases a high school student, a legal entity? Are you going to make him capable of being sued and responsible for debt before the courts? Are you prepared to do that or are you not? That was the important question raised by the hon. member for Grey North, and it is an issue which I think should be decided. There is no question that the man who enlisted and fought obviously must be given the vote. That question is not pertinent at the moment, however, because the war has been over for a considerable period of time and those who fought in it will now be over the age of twenty-one.

Then it has been suggested that the ballot should be so designed as to indicate the political party of each candidate. That might be a useful innovation, despite the fact that in British countries we do not recognize political parties as such. Under our type of government these parties form the government and the opposition; unlike the United States, we do not recognize the political party as an entity. The United States system is to have political parties definitely shown on the ballot or, in their case, in the voting machine. This is an innovation which might be studied, but I would hesitate to give an opinion on it at the present time.

Mr. GEORGE BLACK (Yukon): Mr. Speaker, earlier in the debate it was ruled that only the principle of this bill could be discussed, but I would observe that sections of the bill refer to the electoral district of Yukon-Mackenzie. There went through this house last session legislation which was entirely unprincipled and in favour of which no argument could be advanced. It was legislation that it was not necessary to enact. If that legislation continues on the statute books it will involve the legislation included in the bill now before the house.

That legislation set up as an electoral district two separate communities of people, each having nothing in common with the other. There was no community of interest. The people of Yukon trade with the west coast of Canada, whereas the people of the Mackenzie

district trade with the centre of Canada. The people in both these districts were unanimously opposed to that legislation, and they still are. A government majority in the house crowded that legislation through without regard to the wishes of the people concerned.

There was not one voice in those districts in favour of that legislation. It created a constituency of over 700,000 square miles, if one can imagine the immensity of that. It will be practically impossible for a candidate to get around the district and it will be impossible for the election officers properly to discharge their duties. It created an electoral district as large as British Columbia and Alberta combined, or equal to the province of Quebec; yet it is to be represented by one member. That was done without any request being made to this government or to this House of Commons. It was passed in violation and regardless of the wishes of the people of the district.

Mr. GIBSON (Hamilton West): What my hon. friend is saying really has nothing to do with the elections act. He is dealing with the provisions of the Representation Act.

Mr. BLACK (Yukon): We are dealing with the principle of this bill and there are sections in it which refer to the Yukon-Mackenzie constituency. The vote in favour of that legislation was sixty in favour and twenty against. The votes against were made up of nineteen Conservatives and Social Credit members. There was one Liberal who refused to be a party to that nefarious legislation.

Mr. GIBSON (Hamilton West): I must object to the hon. member referring to legislation that was passed by this house last year as nefarious legislation. The matter he is dealing with does not come within the purview of the elections act. In referring to a bill passed at the last session of parliament I do not think the hon. member should refer to it as being nefarious legislation, because that is a reflection upon hon. members of this house.

The ACTING SPEAKER (Mr. Golding): It is not in order for an hon. member to reflect on legislation which has been approved by the house. As the minister has pointed out, the representation bill is separate entirely from this elections act. There is a section which refers to Manitoba, Saskatchewan, Alberta, British Columbia and the Yukon-Mackenzie constituency. It may be that the hon. member is referring to some point covered by that particular clause. If that is what he is trying to do I suggest that he confine his remarks to the clause and not deal with the representation bill which was approved by the house. As I said before, it is not in order to reflect on legislation already approved by the house.

Mr. BLACK (Yukon): I know of no authority which says one cannot reflect on legislation passed by the house at this or any other session. It is not too late to undo the cruel wrong which was done to the people in these districts. The principle or lack of principle in the bill which was passed created the constituency of Yukon-Mackenzie, and I say it is not too late to undo the cruel wrong that was done by this House of Commons with a small majority. There were less than 100 members present when the vote took place and one minister of the crown was too manly to put through legislation in violation of the rights and wishes of the people.

If the government chooses it could now take out those sections that deal with the Yukon-Mackenzie constituency. That could be done at this session of parliament if the government chose to do it. It would be an answer to say there is not the requisite number of people in the Mackenzie district to entitle them to representation. The fact is that Yukon has never had the requisite number; but because of its isolated position, which compares with that of the people of Mackenzie, this parliament saw fit to give them representation. The same representation should be given to the people in the Mackenzie district. The government can do so if it wants to and undo the wrong that has been done.

Mr. BENOIT MICHAUD (Restigouche-Madawaska): Mr. Speaker, I should like to make a few remarks, which I hope will bring about comments in one direction or another. In this country we have a strong belief that we live in a real democracy which is endowed with the best in the way of democratic institutions. That statement is probably as true and accurate in Canada as it would be anywhere else, but is it as true and accurate as it might be?

Many definitions have been given of democracy, some at variance with others. It is hard to decide which definition best serves the purpose; but perhaps a common one is as good as any other; that is, government of the people, by the people, for the people. "By the people" of course means the majority of the people, particularly those who express their views on the proper occasion. People have the opportunity to express their views through agencies such as the radio, the press and different bodies and organizations, but by far the most efficient and decisive manner in

which the people can express their opinion is through the ballot on the occasion of an election.

Since this unique opportunity of a general election does not arise very often, it is of the utmost importance that we should have a government faithfully reflecting the opinion and views of the majority. Great care should be taken to see that the general expression of opinion given at a general election shall be given with the greatest possible degree of freedom.

In order to make democracy workable, this greatest possible degree of freedom in the marking of the ballot should be followed up with an equal degree of freedom when the elected representatives of the people are called upon to cast their votes on the floor of the house. In this debate I cannot discuss this latter aspect of the problem of the freedom of the vote on the floor of the house except to the limited extent to which it may be met through amendments to the Dominion Elections Act. I may, later on, refer to it.

Let me first deal with the suggestion which in my opinion would lead to a freer and more accurate expression of opinion on election day. This could be brought about only through further amendments to the elections act. In the first place, there is a serious problem, the matter of election costs to candidates or to whoever supplies the campaign funds. Campaign funds are no secret. It is a fact publicly known to the people of this country, and it has been admitted, without great criticism. But I think today we are beginning to meet more criticism on that aspect of our democratic institutions. I feel that I could put up a fairly good case to defend and justify this modern institution of campaign funds. I am prepared to admit that there are two aspects of the problem. At the same time, in an academic discussion or in a public forum I think I would rather defend the other view, namely, that party funds should be eliminated. This need not necessarily affect personal contributions coming from personal friends of the candidate within the county. I think there would be no great objection to that provided that fact were known to the public.

In order to bring about this much needed reform, I feel that the elections act should be amended in many respects, and in such a way as to provide under the act for more financial assistance to candidates. With that object in view, I should like to suggest that the elections act be amended in such a way as (1) to pay reasonable remuneration to the election agents of all candidates, not more than one per poll; (2) to pay reasonable amounts for publicity, be it through radio, the press or otherwise; (3) to pay reasonable expenses for the use of halls and travelling expenses. What are reasonable expenses for radio, the press, halls, and so forth, would depend to a large extent upon the size of the constituency, its locality, the density of its population and the publicity agencies therein.

In order to offset to some extent this increase in election costs, I would urge that the amount of the deposit of candidates be raised from $200 to $1,000. This would discourage straw or nuisance candidates. I would urge that deposits of unsuccessful candidates be disposed of on a slightly more equitable basis. Refunds could be made on the basis of a percentage of the votes obtained by each unsuccessful candidate as compared with the total number of votes collected by the successful candidate. For instance, suppose that the elected candidate received 10,000 votes and the runner-up 8,000; the runner-up receiving 8,000 would be entitled to a refund of 80 per cent of his deposit. Another candidate receiving 4,000 votes would be entitled to a refund of 40 per cent of his deposit, and one receiving 1,000 votes would be entitled to only a 10 per cent refund of his deposit. If that principle had prevailed in the 1945 election the government would have collected larger amounts of forfeited money. For instance, in the constituency of Verdun forfeited deposits would have amounted to $7,800, instead of $1,800. In the constituency of Vancouver South they would have amounted to $3,240 instead of $800, and finally in my own riding of Restigouche-Madawaska forfeited moneys would have amounted to $2,200 instead of $600. I submit that these sums would go a long way toward the payment of the additional election expenses which I have just advocated.

On the other hand, this deposit of $1,000 required from each candidate would not constitute an undue burden on him because he would receive considerably more than that amount for his benefit in the nature of paid publicity and other election expenses. At the same time this larger deposit would act as a deterrent to straw or nuisance candidates, such as the one we had in the Glengarry by-election.

Mr. PROBE: Which one was that?

Mr. MICHAUD: The total costs of the 1945 general election amounted to $2,850,000. With 255 seats it should run to approximately $3,000,000. This amount spread over a five-year period gives an average of $600,000 a year. This amount of $600,000 a year represents only three-hundredths of one per cent

of the annual budget of, say $2 billion. The cost of the election in Restigouche-Madawaska amounted to approximately $11,000, which is a very fair average compared with the total cost.

The payments by government which I have advocated would probably average between $2,000 and $3,000 per candidate, and in the case of a four-cornered fight, these would give a total of approximately $11,000. In other words, it would just about double the cost of the election, without taking into consideration the additional forfeited money which might result as I have explained. If we assume that it would just double the cost of the election, the total cost would only be six-hundredths of one per cent of the annual budget, and I submit that this is not an exorbitant proportion. I submit that those expenses are warranted because they would offer greater freedom of action to the candidate, and I think they would go a long way toward restoring the confidence of the people by assuring them that no funds of unknown origin were used to help candidates. Some will likely object and say that this is another impossible dream, and that it is impossible to change the set-up. It might be difficult of achievement under the present state of the law; but if the law were amended, if sufficient teeth were put in it, I submit that it should be possible to bring about these amendments which I consider desirable.

The time has come when this matter of election funds should be looked into a little further. Under the present set-up, many good candidates are prevented from going into politics on account of the difficulties experienced in financing an election. If the facts were laid before the general public I believe they would have no objection to the reforms which I am advocating.

There is another suggestion which I wish to make before concluding, and on which I should like to have the opinion of some hon. members in the course of the discussion. I understand that the bill will go to committee and that we shall have ample opportunity to discuss the different sections. The time has come when we should have in this country some mitigated form of compulsory voting. Some countries have compulsory voting but I do not know how it works out. Possibly we could have something a little less stringent. Some people take no interest in public affairs. They do not want to be bothered; they do not want to go to the polls. Others take the view that politics is so complex, so difficult to understand and to follow, that they would rather refrain from taking an interest and from exercising the right of franchise. Well, that is the privilege we enjoy in a democracy. The fact remains that in 1945, 24 per cent of the Canadian people did not exercise their franchise. On the other hand, in some provinces, for instance, Saskatchewan, a much larger percentage did go to the polls, and in some constituencies of Saskatchewan, and even British Columbia, I think the vote was as high as 93 per cent. If we are to believe the reports that we read in the press in connection with the recent elections in Italy it would appear that approximately 90 per cent of the people did exercise their franchise.

Mr. LOW: Did they force them there?

Mr. MICHAUD: I do not know; I do not believe they did.

Mr. LOW: What good is a compulsory vote?

Mr. MICHAUD: Well, my suggestion would be this. It would simplify the work of candidates from all sides if this mitigated form of compulsory voting were exercised somewhat along these lines. People abstaining from voting would be given, let us say, three months to appear before a county court judge or perhaps the returning officer to show cause why they did not vote. If they were in a position to show cause, then everything would be well done.

Mr. LOW: Didn't they try that in Australia?

Mr. MICHAUD: I am sorry; I am not familiar with what has been tried and done in Australia. Then, at any time prior to the calling of the next election those who defaulted or refrained from voting at the previous election would be given an opportunity of paying a small fine and qualifying themselves to vote at the coming election. Failing that, I suggest that if they are not interested, if they have evinced no interest in public affairs, their names should be deleted from the election lists of that election.

These are a few suggestions which are strictly of a personal nature, particularly those referring to election expenses. Election expenses should be considered with a view to improving further our elections act which I believe is commendable in many ways; but since we amend it before every election, it shows that there is room for improvement. I suggest that there is room for improvement to some extent along the lines of the remarks I have just made.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I rise to say a few words only because of the remarks which have been made by the hon. member for

Restigouche - Madawaska (Mr. Michaud). Sometimes one notices that when novel suggestions such as he has made are put forth on the floor of the house and no one replies to them, the stories that appear in the press indicate that they were well received. I feel that it would not be wise in this instance for hon. members to let that happen, and I for one would like to express opposition to some of the suggestions of the hon. member for Restigouche-Madawaska.

I thoroughly agree with the purpose that he indicated in the early part of his remarks when he spoke about the fact that people do not know the source of some contributions to campaign funds. I would go along with him in urging that legislation such as we had in the Dominion Elections Act at one time with respect to this matter be restored. I have not the act in front of me, but if my memory serves me aright there was at one time a prohibition against political parties or political candidates in the federal field receiving contributions from incorporated companies. In due course, by amendment, that ban was struck out of the act. Whether it is that which should be put back or something else, I am not prepared at this moment to say; but I agree with him that in many instances there is a loss of confidence on the part of electors because of questions that arise as to the sources of campaign funds. I fear, however, despite all the research that the hon. member obviously has done in this matter, his suggestion does not fill the bill.

The hon. member proposes that under certain specified headings the government pay the election costs of a candidate's campaign; perhaps that the official agent receive certain expenses and that the candidate receive expenses for certain specified items such as halls, advertising and so on. He indicated that, as he was working it out, it might mean the government paying each candidate a total of some $2,000 or $3,000.

Mr. GIBSON (Comox-Alberni): There would be plenty of candidates.

Mr. KNOWLES: That is exactly the point. The hon. member for Restigouche-Madawaska proposes that this extra expense be offset in part by increasing the deposit from the present figure of $200 to the figure of $1,000, which in my view is a step in the wrong direction. The hon. member said that this would have the effect of keeping nuisance candidates out of the field. I think the hon. member for Comox-Alberni has it in the back of his mind right now that if by putting up

$1,000 you could get $2,000 or $3,000 out of the government the number of nuisance candidates would greatly multiply.

Mr. SMITH (Calgary West): A three to one bet is not bad.

Mr. KNOWLES: No, but that is what it looks like, doesn't it? In fact it seems to me to make an election something of a lottery, especially in view of the further schedule that the hon. member drew up as to the percentage of your deposit that you would get back, depending upon the percentage of your vote to the total vote cast.

I believe there are some pretty obvious faults connected with this novel suggestion. For one, I do not see how it could operate without the fear developing that the government in power was exercising some influence. All sorts of questions would arise. I think, for example, of the difficulties we run into in carrying out what I regard as a very good proposition, namely the free time that the Canadian Broadcasting Corporation provides in political campaigns. But I point out that in the effort to implement that proposition it becomes necessary for the different parties to get together. I have sat in on some of those meetings and have listened to and participated in the arguments as to whether the division should be equal or in proportion to this or that weight of the parties involved.

That kind of question would certainly arise when it came to the matter of appropriating funds out of the consolidated revenue fund for the campaigns of different candidates. I would say that the only way to do it would be to do it on the basis of equality. But I can imagine the difficulty we would have arguing in favour of that, because the government, no matter what its party label, would argue, but, you see, we start off with 50 or 60 per cent of the seats; and that group over in the corner has only a much smaller number; therefore you will have to change the basis to something less for the smaller group.

Even if those arguing the matter were prepared to agree on a basis of equality, the government would then still have the say as to the total amount of money to be spent. And, depending upon the political weather at the time, and depending upon whether it might be to the advantage of the government to have a lot of money spent or to its advantage to have a lesser amount spent, through the powers ministers exercise over financial appropriations they could control the amount of money to be spent. Thus it does seem to me that the advantages which I have no doubt

the hon. member might be able to advance in favour of his scheme are more than outweighed by the difficulties.

The other point I wish to make is that I fear it defeats the purpose which was enunciated, namely the attempt to increase interest on the part of the people of Canada in this sacred heritage of democracy, the right to vote. I very much fear it would be precisely the other way. I fear that if all that was necessary was for candidates to get together a thousand dollars for a deposit and, we will say, a certain number of signatures, with the understanding that he would get two or three thousand dollars expenses, we would have all sorts of candidates in the field, and they would find it difficult themselves to get the people interested in supporting or sponsoring their campaigns.

I believe there is something to the fact that what people have to work for and pay for means more to them. I am attempting to be non-political in this, but in the back of my mind is my own experience in the group to which I belong. We certainly have found it means something, so far as interest in what we advocate and interest in the political picture generally is concerned, to have our members and supporters have to work and to put in both their time and their money; in other words they are actively engaged, and that certainly increases their interest.

I feel that that kind of interest which is so valuable in a political democracy would be lost if we carried out the hon. member's suggestion. I need not go farther in discussing the matter. I do not criticize the hon. member for bringing these points before the house; indeed I believe he has done a service by suggesting to us that we should not just go on doing things in the same old way. There are some changes which should be made to improve the democratic nature of the elections we hold. But I do feel that that proposal concerning a deposit of $1,000 in return for which there would be $3,000 expenses, is one which should not be enunciated without some opposition being expressed in relation to it.

Mr. SPEAKER: When the minister speaks he will close the debate.

Hon. COLIN GIBSON (Secretary of State): Mr. Speaker, the hon. member for Battle River (Mr. Fair) spoke about the harmony and good will which existed in the committee last year. I should like to go farther and congratulate the committee upon the excellent work that it did in studying and revising the act.

I would point out that this year we have practically the same personnel on the committee which will consider the bill. The chief electoral officer has some further suggestions to offer to the committee, and we have received other suggestions in the house this afternoon. I have no doubt that when the committee sits it will show the same diligence and the same spirit of harmony and good will which existed before, and that it will bring down a bill which will receive the approval of the house.

Motion agreed to, bill read the second time and referred to the special committee on the Dominion Elections Act, 1938.

FUR SEALS

PROVISIONAL AGREEMENT BETWEEN CANADA AND THE UNITED STATES

Hon. J. A. MacKINNON (Minister of Fisheries) moved the second reading of Bill No. 35, respecting the provisional fur seal agreement between Canada and the United States.

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, I should like to make a few brief remarks concerning this bill, about the principle of which I have spoken on several other occasions.

This bill has for its purpose the carrying out of the pelagic sealing provisions between Canada and the United States, as set out in the agreements of 1942 and 1947. The bill represents something more than the mere carrying out of those agreements. Its purpose is to put into the Pelagic Sealing Act such teeth as for the future will assure both the United States and Canada that pelagic sealing will be a thing of the past.

I am not going into the history of the fur seal trade, because there are other hon. members who will discuss that part of the subject. I would point out, however, that the United States purchased Alaska in 1867 and, as they term it, made the greatest territorial purchase or bargain ever known to the world. At that time they paid for Alaska $7,200,000 and, while it was a large territory about one-fifth the size of the United States, there came with it a herd of fur seals numbering almost four million. This then was the property of the United States. There were, however, entanglements with other countries bordering that area. These have been dispensed with through the years.

After the purchase in 1867 by the United States, nothing was done in connection with maintaining the herd until about 1911. It was found that, because of extensive pelagic sealing, from 1867 the herd of about four million had been reduced to 125,000. The danger facing them at that time was the extinction of this great fur seal trade of Alaska.

In 1911 the English, the Russians, the Japanese and the United States governments put into effect a treaty which gave the United States entire control of the seal herd of Alaska. Today there are only two partners, Canada and the United States. The United States get 80 per cent of the herd seal pelts that are taken off each year, and Canada is entitled to 20 per cent. If we do not have a proper, strong Pelagic Sealing Act that will take care of this great industry, Canada's 20 per cent will not be worth much to her in years to come. That is one reason why I hope the committee of the whole, in going over this act, will examine every part of it in order to make it as strong as possible, both in our own interests and in those of the United States.

Since 1911 the United States have taken over one million pelts or skins, which have brought in to them more than twelve times the amount they paid for the whole of Alaska and the fur sealing trade.

One more thing I wish to emphasize in reference to this matter is that today we have more interest shown in the House of Commons with regard to the fur seal trade than we have had for a good many years. Interest is being taken in it because it produces quite a large revenue to the fisheries department of our government. I might say that at the present time, even when furs in general are at a little lower price, the recent sale of furs which was held on April 19 showed that the three types of seal skins, in which Canada as well as the United States, has an interest, sold at wonderfully good prices, even under today's fur depression as we might call it.

The dyeing and processing of these fur seal skins is done in two different countries: London, England, and St. Louis, Missouri. During the war the processing was not as good in London as it had been in St. Louis, because of conditions over which they had no control. However, the processing in St. Louis has developed so much that today it is acknowledged to be finest processing system for seal skins anywhere in the world, and this is shown by the three classes of skins they process, machine and dye. The skins are put out in three colours: safari, matara and black. The black is a glossy skin, and in the last sale averaged some $47. The safari is a unique kind of colour. It might be called a rich seal brown. It nearly held the spotlight, and averaged $65 per skin. The matara is a kind of neutral colour, brown with a bluish cast, and in the sale of some 10,000 skins it averaged $75 per pelt. I mention this just because Canada is greatly interested today. Some 5,000 skins are today being processed in St. Louis. Three thousand of them have arrived

in Montreal already, and will be sold at an early day—some time in June—for the benefit of the fur manufacturers of Canada.

In connection with this I might also say that the government or the fisheries department at the present time stand in the position that, by looking carefully into this industry, they have and can have a net revenue of at least a million dollars a year. Perhaps some of it may be swallowed up in duty on the skins coming into Canada because, when these skins go to St. Louis to be processed and are brought back into Canada, the national revenue department take away from the fisheries department some 12½ per cent by way of duty. However, it is just going into a different pocket in the government.

Although I am not quite certain as to the amount, I think the cost of processing these skins is somewhere around $14 per skin. If I am wrong in this the Minister of Fisheries (Mr. MacKinnon) will correct me. It may be a little more or a little less. What I wanted to say in reference to the matter is this. We might in the future consider a proposition to have the processing done in Canada. The only way we might approach it is to ask the fur company in St. Louis to place an extra factory in Canada for processing our share of these pelts.

Again I want to repeat that in this act there are some things which might be made a little bit more drastic. For instance, I notice that, under certain conditions, certain individuals living in the north—the aborigines, the Aleuts and others—are allowed the right themselves to take on pelagic sealing. Personally I think that when we come to committee of the whole, those are things which we should look into carefully. As I said at the beginning, let us put all the teeth we possibly can into this act in order to save one of the greatest industries in the fur trade of Canada.

Hon. J. A. MacKINNON (Minister of Fisheries): I had intended, Mr. Speaker, to make a short statement on second reading of this bill. However, the hon. member for Queens (Mr. McLure) got ahead of me for the moment. Before making this statement, I should like to compliment him on the speech he has just made, and for the knowledge he shows he has with regard to the sealing industry.

While my statement is short, it is longer than might be required under this bill; because, as far as I know, and as far as I can see, there is little of a contentious nature in it. But in making the statement I want to anticipate questions that might be asked me later.

The purpose of this bill is to carry out Canada's obligations under the provisional fur

seal agreement made between Canada and the United States in 1942. The terms of this agreement are printed as schedule A of this measure.

In 1911 an agreement was reached to regulate, by international action, the killing of fur seals in the north Pacific. In that year Canada, acting through the United Kingdom, entered into the first pelagic sealing convention with the United States, Russia and Japan. All parties observed the terms of this convention until 1941. As a result of its abrogation by the Japanese government, this initial agreement came to an end about the time of Japan's entry into the second world war.

Canada and the United States were anxious to continue their joint efforts to preserve and protect the seal herds. A provincial fur seal agreement was therefore entered into by our two countries in 1942. But the Canadian legislation giving effect to this agreement was based on the War Measures Act. This meant, of course, that the life of the agreement was subject to a definite time limit. Accordingly the purpose of this bill is to enact legislation extending the life of the 1942 agreement for an indefinite period.

In the main, provisions of the original 1911 international convention are incorporated in the present Canadian-United States agreement. The principal changes may be briefly summarized as follows:

(a) An increase in the Canadian share of fur seal skins taken annually at Pribilof islands from 15 per cent to 20 per cent.

(b) A provision for enabling pelagic sealing under emergency circumstances. Details regarding conditions under which such emergency sealing might be conducted and the sharing of seal skins so taken are to be the subject of consultation between the two governments.

(c) A provision for permitting the taking of fur seals for purposes of scientific research.

(d) A provision that the two governments consult from time to time regarding the level of population at which the seal herd is to be maintained or other important phases of management or policy.

I do not propose to review in detail the extensive and interesting background of this sealing question. Briefly, the situation is that the breeding grounds of the fur seals are located on islands in the north Pacific. The seals breed during summer months and then swim to about the latitude of southern California before returning to the islands in the spring. The term "pelagic sealing" refers to the killing or capture of these fur seals at sea when they are migrating to and from their northern breeding grounds.

An international agreement was necessary in order to prevent the complete extinction of these seals from the effects of unrestricted slaughter. In 1867, when the United States took over Alaska, there were nearly five million such seals. By 1911 the population had dropped to less than 125,000. By 1947, as a result of conservation measures, this number had increased to 3,600,000. These figures speak for themselves.

Canadian revenues as a result of the treaty and under its provisions have amounted to $5,482,141.15 since 1912. The consolidated revenue fund of Canada benefits in the following manner. Every fifth barrel of raw skins obtained by the United States government at the breeding grounds is stencilled for Canada. The skins are brought to Seattle by the United States and shipped from there to London, England, or to St. Louis in proportions governed by the decision of the Canadian government. When the skins are dressed and dyed at these centres they are returned to Canada for sale in Montreal through the Canadian Fur Auction Sales Company, which acts as government agent in these transactions. The proceeds, as I have indicated, go to the consolidated revenue fund of Canada.

The provisions of this bill follow closely the contents of the Pelagic Sealing Act of 1938 enacted by this parliament to carry out the terms of the 1911 convention. The 1938 legislation came to an end, of course, as a result of the abrogation of the treaty in 1941. The only changes made by this bill are those required by a few modifications of the original 1911 agreement and the necessity for clarification on some minor points.

There is one principal exception to the restrictions imposed by the treaty. This relates to the provision that pelagic sealing may be carried on by Indians and other aborigines dwelling on the coasts of the waters to which the agreement refers. These sealing operations so permitted must, however, be carried on by means of canoes and without the use of firearms. These conditions are provided, because the existence of any large scale catching or killing equipment in the hands of the exempted persons might well open the door to serious abuses.

These are the main provisions of the legislation now before the house. I should add that Canada, under the treaty arrangement, undertakes to give the United States 20 per cent of any seals captured on Canadian territory.

Mr. GREEN: Is Russia under the agreement?

Mr. MacKINNON: Russia is not under the agreement. As a matter of fact, however, practically no seals are captured or killed on

Canadian land. On the other hand, as I have stated, Canada receives 20 per cent of the total catch from herds on United States territory as compensation for prohibiting Canadians from sealing activities on the high seas.

There is little doubt that these treaty undertakings have saved the Pacific seal herd from extinction. Nearly a million pelts have been taken since the first treaty was signed, but without harmful effect. In 1911 the seal industry was drifting to absolute ruin. Today, because of what has been done through international action, the industry is in a healthy, thriving state and soundly established on a permanent basis.

Mr. GREEN: When did Russia drop out?

Mr. MacKINNON: In recent years; during the war.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. G. R. PEARKES (Nanaimo): Mr. Speaker, I crave your indulgence this evening to speak on this bill because I am one of the few, if not the only member who has seen this animal in its natural environment. I have seen the islands which are alike its breeding and killing grounds. This treaty was made in 1911 between Great Britain representing Canada, the United States, Russia and Japan. At that time we were at the close of a century during which the fur trade had played a tremendous part in the economy of the world. As hon. members know, Baranoff, the great Russian fur merchant, colonized the Aleutian islands, the Pribilof islands and what is now Alaska. He entered into a treaty with the fur traders of America. As I say, furs played a tremendously important part in the national economy of all the countries concerned and provided a most lucrative business.

The early fur traders built up a kind of mystery around this seal fur trade. They started off by giving extraordinary names to the various branches of their activities. Pelagic sealing means nothing more than the killing of seals in the water. It is a ridiculous name. When citizens of Edmonton come to spend their summer holidays on the gulf islands in my constituency we do not refer to them as pelagic Edmontonians.

I think it would be worthwhile for a moment to investigate the reasons why these treaties were first made. They were made with the

idea of preserving the seals, so that the rich skins might be sold to the aristocracy of Europe and the newly made millionaires of the United States. It was found that you could not control the killing of seals if they were killed in the water. As soon as they come on to their breeding grounds, there is an opportunity for wholesale slaughter of these defenceless animals and there is also an opportunity to control the slaughter.

The seals come on the land for breeding purposes. An old bull seal will collect around him a harem of some sixty female seal cows. Those are not the animals that are killed. Because of the peculiarities of natural history, the younger males have to remain back from the breeding ground, contenting themselves as best they can until they are old enough and are able to entice some of the virgin cows. These are technical names used in the trade.

The younger males are kept back from the breeding grounds until they are old enough to gather a harem. It is at this time that the native Aleuts and Indians drive them away a short distance and knock them on the head. This business of killing is a messy one and very few white men will indulge in it. But it can be regulated and the numbers killed can be controlled by government inspection, because the carcasses are laid out in rows of tens and hundreds and so forth. It is all controlled; so many are killed each year.

When they are killed in the water there is no control as to what sex of seal is killed. It is quite impossible to distinguish a young male from a young female, and you may kill a mother who has a pup on the land in what are called the rookeries. The mother suckles the baby seal and does not take it out into deep water.

Great destruction was done in those early days. As was mentioned earlier this afternoon, at one time before the treaty was made the herd numbered over 4,000,000 fur seals. Then the indiscriminate killing occurred and the number in the herd dropped down until in 1910 there were no more than 133,000 fur seals. At that time restrictions were put on the number killed and the herd increased, until today it is estimated to be in the neighbourhood of 3,000,000 animals. I want to call the attention of hon. members to that increase since 1910 from 133,000 to 3,000,000 animals.

Why are these animals preserved? That is the big question. They are preserved so that their skins may be sold to make expensive furs for a very fancy trade. It is still a lucrative trade. The last figures which I received from

the department show that in 1947 some 12,289 skins were delivered to Canada as her share and these brought $994,061 in profits to Canada. The question I want to ask is this: At what expense was that $994,061 worth of skins obtained?

I have pointed out that at one time the herd was much larger than it is now, and that it is very much on the increase. These animals live on fish. They are on the Pribilof islands for only a couple of months during the summer when they live on shell fish and decomposed matter. During the rest of the year they range the Pacific ocean, some travelling across to the Siberian shore and others going down the west coast of the continent of America as far as California. While they are moving back and forth they are living on the fish which constitutes the food for the people of this world—fish food that is caught by the fishermen of British Columbia. From estimates which have been made of seals in captivity and by various expeditions which have been carried out by the United States, it has been calculated that the seal herd of a few years ago ate more than the total catch of commercial fishing from Alaska, British Columbia, Washington, Oregon and California. I quote from a report which was produced by Mr. W. McLeod Chapman, who is a biologist of the department of fisheries of the state of Washington. This was published in the California publication, *Fish and Game,* of October, 1942:

> The herd of fur seals now includes more than 2,500,000 individuals. From such data as are now available it would appear that this herd, at a minimum figure, consumes in excess of 2,500,000 pounds of fish each year in the area from the Pribilof islands to California. This is roughly the annual production of food fish by all the commercial fisheries of Alaska, British Columbia, Washington, Oregon and California.

Millions of tons of small fish are eaten by these animals. A full grown fur seal will weigh anywhere from 350 to 600 pounds. It consumes, so it has been estimated, no less than forty pounds of fish a day, when living on what one might call an austerity diet; that is almost a starvation diet.

We find that Russia has withdrawn from this treaty and Japan has withdrawn from it. Why? Russia has a fur seal herd smaller than the Pribilof herd and it has its rookeries on the Commander islands off the coast of Siberia. There is a smaller Japanese herd off some of the islands off the main islands of Japan. Russia and Japan have withdrawn from this treaty because they realize that these fur seals destroy far more fish than the value of their skins is worth.

There has been in recent years a distinct reduction in the catch of certain types of small fish. I am not suggesting for one moment that a fur seal tackles a full-grown salmon. Oh, no; they eat the smaller fry; they eat the herring; they eat the pilchards. There is a big demand now for herring and a market is opening up again in Asia for the salted herring of British Columbia waters. Those are the type of fish which these marauding animals devour in great quantities. I say that the figures show that there has been a distinct reduction in the number of fish of that type caught in those waters in recent years, in spite of the improved equipment for catching fish of that type. I am not suggesting that the increase in the fur seal herd is the only cause of the reduction in the number of herring that are caught, but I claim that it is very much one of the contributing causes.

I feel, Mr. Speaker, there has been a lot of maudlin sentiment created around these fur seals. It all started when Rudyard Kipling years ago wrote a delightful little story in the "Jungle Book" about a dear little baby fur seal. I suppose every hon. member, when he was a child, saw some performing seal balancing a ball on the end of its nose. Oh, we loved the dear little seal. There have been all these fantastic names to describe the rookeries and the pups. Whoever heard of a pup being born in a rookery? A rookery is where rooks nest. Pups are born on the ground. But all these romantic names, the bachelor bull, the virgin cow, the rookeries and all the rest of it, have been created, with the result that, I suggest, a maudlin sentiment has been built around these poor little animals.

What did we get out of this agreement at an expense equal to the total catch of all the commercial fish on the Pacific coast from Alaska to California? We got 20 per cent of the kill; 20 per cent of the hides that had been cured. Does that give us any employment? Last year, 1947, there were as Canada's share some 12,289 skins. We had no part in the killing or stripping of the carcasses, that was all done by the Americans, done with native labour, by the Aleuts and by the Indians of Alaska. Those hides were shipped past Canadian ports, past Prince Rupert, past Vancouver, shipped in United States bottoms to Seattle, where they were transported by rail. From Seattle we pay the cost of transportation to a United States firm of furriers. Of those 12,000 skins last year, some 8,602 skins were cured in the United States, the remainder, or some 3,687 skins, were cured in Great Britain, in London. No Canadian labour was employed in the curing of those skins. Canada

paid for the curing of those skins, as has already been stated this afternoon, at the rate of $14 or more per skin. Then at Canada's expense they are sent to Montreal, some but not all of them, because I inquired from the ministry the other day as to the number of skins which were sold outside Canada, and was informed that last year we sold outside Canada, from Canada's share, some $66,450 of skins which never reached Canada at all. I suggest that this is giving no employment whatever to Canadian men in the curing or selling of those skins until they reach the auctioneer in Montreal where, I suppose, he draws his salary for selling them.

During the last war it was found that the skins which were being sent over to Great Britain could not be cured, partly because the manpower of England was required in the services. An attempt was made to ship out equipment and to send a limited number of trades specialists to Canada with the idea of starting the curing process here. The question I should like to ask is this, why cannot we obtain the patents for the special process of curing these skins? I believe there are some fourteen different processes through which these skins go in the curing.

Mr. McLURE: One hundred and twenty-six processes.

Mr. PEARKES: The skins go through 126 processes before they are actually cured. That will give the house some idea as to the highly technical nature of the work and the difficulties there would be in establishing the industry in Canada. But these difficulties are not insurmountable if we are anxious to develop this luxury trade. I feel that this is probably a lucrative business; if I might be pardoned for making something of a pun, I would say that we are concealing big profits made by the company as well as low-neck dresses under fancy sealskin coats for Hollywood actresses, and if that is to be done, why should we not carry out this process in Canada? Therefore I suggest to the minister that he refer this bill to the standing committee on fisheries, because I believe that far more investigation is required than this house is competent of giving at the present time. I think we want to get the reports from the cruiser which has been sent out by the state of Washington to examine into the exact diet of these fur seals. Remember, there is a distinct difference between the fur seal and the hair seal. The hair seal lives in the waters close to the shore; it inhabits the mouth of the Fraser river and does a great deal of damage to the salmon as they go up to the spawning grounds. But the fur seal is able—again I use this horrible pun because I cannot think of a better word—to conceal its activities by working some fifteen, twenty or more miles out from the coast.

At the present time I understand that an investigation is being carried out by the fish and game department of the state of Washington in order to ascertain the amount of damage which is being done. Therefore I wish to suggest, in the first place, that this bill be referred to the standing committee on fisheries, which has not met during this session. I think we can get much valuable information from a detailed examination of the various clauses of the bill.

Then I should like to suggest in the interests of the fisheries of British Columbia that a definite limit be agreed upon as to the size of the herd. The minister referred to discussions taking place as to the population of the herd and said that it would be agreed upon from time to time between Canada and the United States. That is not good enough, because under the old treaty, and I believe it is in the present bill, the United States has the control to say what regulations may be imposed and the number that will be killed. It was only a few years ago that the United States prohibited all killing of seals on the land as well as at sea. That, of course, meant an increased growth of the herd. If the predominant influence is to be the production of fancy sealskin coats we may find again that there is a demand, or pressure is used, to increase the herd. I suggest, Mr. Speaker, at this time that food is far more urgently needed than sealskin coats. What I should like to see is a definite ceiling placed on the size of this herd.

My third is this: I should like to have it definitely agreed upon that the seals will be delivered at such Pacific coast ports as Prince Rupert and Vancouver. I know they have to be delivered in United States bottoms. United States ships will have to pick up the sealskins as they are killed in the islands, but they can be delivered there and can be transported to Canadian factories either on the Pacific coast or in Toronto or Montreal, where an industry, as was suggested by the hon. member for Queens (Mr. McLure), could be established, so that the curing process which is used either by the London firm or by the United States firm could be established in Canada to give employment to Canadian furriers, instead of our merely having these skins cured in the United States.

Finally, I should like to suggest to the minister that in many parts of this country we are building a fur breeding or a fur farming industry in which in captivity various animals such as muskrats, mink, foxes and so forth are

being raised. One might say that we are producing synthetic furs. That is a growing industry. Should we not be encouraging that industry, which in many parts of the country is still in its infancy, rather than specializing on the production of skins from an animal which spends the greater part of his life, and which lives to the age of eighteen or twenty years, in consuming food which eventually would be fit and desirable for human consumption?

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I am sorry to have to keep you in the chair for a few minutes longer, but this discussion has intrigued me. I recommend that the caption on today's *Hansard* should be "The love life of the seal", and it would be widely read. After listening to the hon. member for Nanaimo (Mr. Pearkes), I want to compliment him upon his knowledge of the subject.

He must have made quite a study of it. However I was more particularly interested in the latter part of his remarks, where he dealt with the agreement itself and the mechanics of the marketing of this product, in which the government is so much interested.

I support him in his contention that this bill should go to the fisheries committee for further study. This afternoon the minister made an interesting statement. In his statement today he advanced an excellent argument for government ownership of industry. First he told us that this industry, under free enterprise as it existed up to the agreement between Russia, Canada and the United States, and the later agreement between the United States and Canada, had been freely exploited, without any regard for the perpetuation of the seals. They were killed off, and the industry had practically died.

Free enterprise killed them, as it is doing with many of our natural resources in this country. Free enterprise is merely exploiting them, and not thinking about those who will come in the future. In connection with the sealing industry, the government stepped in; indeed I should say two governments stepped in, those of Canada and the United States, and rescued the sealing industry from those who had wrecked it. The facts are there; the minister said so this afternoon. And they have done a fairly decent job. Not only have they provided fur coats for those who can afford them, but they have pretty well rehabilitated the industry.

I was particularly interested in the point which was brought out to the effect that the Canadian government pays for the shipping and processing of the raw furs. Also in the United States they pay for the shipping and processing. Those furs are sent to Great Britain and, as the hon. member for Nanaimo pointed out, this provides in this country no labour which would serve as compensation to our people. That is money spent on the outside.

The point I would ask the minister to clarify is this: why cannot that raw fur be processed in this country, thus saving shipping charges to Great Britain and the United States? Secondly, if the government pays the shot to put that fur into a condition in which it can be marketed, why should it ship that fur out when it is ready for market to some private firm in Montreal, permitting that firm to sell it and make the profit from it?

Mr. GIBSON (Comox-Alberni): Oh, oh.

Mr. GILLIS: This subject of whales and seals is the subject of the hon. member for Comox-Alberni. If he will just let me finish with the mechanics and the economic end of the industry, then he can handle the blubber.

Mr. KNOWLES: He will be wailing before the night is over.

Mr. GILLIS: I would ask the minister to explain why these furs cannot be processed in Canada, particularly as the government pays the total cost; at least that is my understanding of it from the statement made by the minister and by the hon. member for Nanaimo. Why cannot the government market the product through a crown company? Why should it be handed over to some private company simply for the purposes of sale, so that they may make the greatest amount of profit from the transaction? These are people who have nothing to do with this agreement at all.

There is no section in the agreement which compels the government to do this. The minister stated that the exchequer has benefited to the extent of some $5,000,000 since the inception of the agreement. I should like to know how much money this private company has made through the marketing of the furs for the processing of which the money was paid by the government. If the minister can give us that information and if he can tell us why the government cannot follow through and market the product, and why the raw fur cannot be processed in Canada, then there may be no necessity to send this bill back to the committee.

Otherwise, however, I think the committee on fisheries should have an opportunity of overhauling this bill. This is too important a matter to let it go through with only the short explanation we have had with respect

to it, particularly after the doubts which were raised in my mind by the hon. member for Nanaimo.

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, I think I should say a few words on this matter, because perhaps I am the only old seal hunter and seal buyer in the house. Perhaps I would do well if I were to clear up some of the misapprehensions which appear to be in the mind of the hon. member for Cape Breton South (Mr. Gillis), who is undoubtedly a great authority on coal. But if one may judge from his most recent remarks, the hon. member knows very little about the sealing business.

He seems greatly concerned about the fact that these sealskins are sold in Montreal by a private firm. I can assure him that they are sold there in one of the greatest fur auction markets in the world, and that they are sold to the highest bidder. And despite the success, or lack of it, of the Saskatchewan government's venture into the marketing of fur, I can tell him that I would be greatly adverse to our government setting up any such agency to handle these few sealskins. I think we do very nicely at very small cost in disposing of these skins at the highest world market prices.

Something too was mentioned about the fact that this industry under free enterprise had finally been run into the ground. There is such a thing as free enterprise within one's own country and also free enterprise within the world. I think everyone realizes that at one time five great nations were fighting for the privilege of getting these seals, and it was not found possible for them all to get together and to decide on a proper procedure. It is only recently that Canada and the United States have been able to go in together with a view properly to safeguard the breeding grounds on the Pribilof islands where these seals have been given an opportunity to propagate, and have developed into great herds.

I might say that I feel particularly sorry for the Indians involved. I was not in the house tonight earlier, so that I do not know whether they have been mentioned or not. The fact is, however, that in the early days on the British Columbia coast the taking of sealskins was one of the great means of earning a livelihood for our Indians there. Schooners from Victoria and San Francisco used to call at west coast ports, pick up a load of Indians and their wives, and take them all over the world chasing seals. They would start off at Victoria, and follow them around through the Pribilof islands, across to Japan and to the Hawaiian islands, calling in at San Francisco and then back home.

It has been found necessary to stop the Indians from sealing on their ancient grounds out there; this is done in the interests of conservation. We find that the Indians are no longer able to go out and catch seals by using their canoes, or boats powered only by hand, or through the use of spears, as was their custom in the old days when the seals were more numerous than they are today.

The thought has occurred to me that these funds which are taken into our consolidated revenue fund might very well be earmarked for the use of Indians, so that in some fashion or another they might be compensated for their loss in revenue which it was their custom to receive.

So far as the amount of good food eaten by seals is concerned, I believe the department has spent a great deal of time in a survey of this subject. I remember in 1936 collecting a lot of seal stomachs for the Department of Fisheries, and it is my understanding that those stomachs were analysed. It was found that only about three per cent of the stomachs showed any trace of salmon, which, after all, is the only commercial fish that would be eaten.

Mr. PEARKES: Mainly herring.

Mr. GIBSON (Comox-Alberni): The sea is full of herring. The amount of herring seals would be able to eat would have no effect on the commercial quantities which would be available. If I were convinced that any great depletion of salmon was caused by the ravages of seals I would agree that the hon. member's point might be well taken. In this particular instance, however, I have never seen a herd of seals chasing salmon in any appreciable degree. The seals which are a menace to our salmon fisheries are what are known as harbour seals or hair seals. The government pays a bounty on them, and has been doing a very good job in suppressing the damage done by this particular variety. However, I think it is difficult for the minister to say anything about the matter. I feel that if there is any way in which we can compensate the Indian population for the loss they have sustained from the way we are now handling the sealing industry, it would be well to get together with the Department of Mines and Resources and see if something could be worked out along that line.

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

On section 1—Short title.

Mr. PEARKES: Will the minister refer this bill to the committee on fisheries, as I suggested, so that an opportunity may be given for thorough study?

Mr. MacKINNON: I think a mountain has been made of this matter. I do not see any occasion for following the suggestion.

Mr. GRAYDON: A whale, the minister means.

Mr. MacKINNON: Yes, possibly a whale. I do not see any occasion really for referring this bill to the committee. The simple, ordinarily expressed situation is that these seals are reared on United States territory and at one time were subject to killing by Japan, Russia, Canada and the United States. For some reason which we do not know, Russia dropped out of the arrangement that had been made. Japan dropped out during the war. That left the United States and Canada to agree on some method of protecting these seals. Canada shares not in processing, curing or any other way except in the profit realized from a percentage of the skins. After they are transported to the United States and cured, 20 per cent of the skins are given to Canada and, on our direction, are sent to the Canadian Fur Auction Sales Company in Montreal which, as all hon. members who have any knowledge of the fur industry know, is a great organization set up by people interested in fur trading, for the handling of the sale of furs. The Montreal fur auction sales company handles these seal skins on a commission of 3½ per cent. That includes storage, grading and selling. The government gets Canada's share of the proceeds of the furs.

Only two plants in the world have the secret of curing these furs. One is in St. Louis in the United States of America, and the other is in London, England. Before the war, Canada found it advisable to send many of these furs to London for curing. Canada got better prices. During the war, the London firm was bombarded and destroyed in whole or in part on two different occasions. Since the war, Canada realizes a better price from the St. Louis processing. As I have said, the process is a secret one known only to those two companies. The question was asked, why should we not do this processing of our own furs in our own country? I have answered that question by stating that the process is a secret method not known to Canada.

It has also been suggested that a plant be established in Canada. From time to time the Canadian government has made efforts to persuade both the London company and the St. Louis company to establish in Canada a plant for the curing and processing of these furs. Some consideration was given to the suggestion by the St. Louis company, but it reconsidered after going into the matter. It found, I believe, that it would be unprofitable to establish a branch in Canada for the handling of 20 per cent of the skins.

I am advised, too, that a London firm actually started a plant in Canada, but gave it up because it was uneconomical.

The matter of the fish consumed by the seals was answered in part by the hon. member for Comox-Alberni (Mr. Gibson). I could go more particularly into the matter and I intend to do so while we are in committee. I do not want to be adamant about it, but I do not see anything to be gained by referring to the committee on fisheries this bill with respect to the renewing of the agreement we now have with the United States.

Mr. PEARKES: Can the minister tell us the exact relations with regard to Canada and Russia. I presume this treaty refers only to the Alaska fur seal herd. What is our situation with respect to the Russian fur seal herd which have their breeding grounds on the Commander islands. They also ravage the Pacific ocean and destroy fish. I understand that the Russian government is endeavouring to exterminate that herd because of the damage done to the fish there. Do we get an opportunity to go over and share in the skins derived from that Russian fur seal herd?

Mr. MacKINNON: Canada has no access whatsoever to the Russian seal herd. It is in Russian territory and is not tributary to Canadian sealing operations. We do not know the reason for Russia's abrogating its treaty arrangement with us, but we know that they ceased to have any interest in participating with us. We are informed and we believe that they are endeavouring to process their own furs for sale abroad.

Mr. PEARKES: While the breeding grounds are on Russian territory, there is nothing which limits the Russian fur seal herd from travelling all over the waters of the Pacific and gaining contact with our fish.

Mr. MacKINNON: I am told that we do not know the ocean route of the Russian seals, but that the seals tributary to Canada and to Canadian fish are the seals reared in the Pribilof islands.

Mr. PEARKES: Then might I ask a question regarding the British equipment sent out here, I believe, during the war, when the minister said they tried to establish a curing

and processing plant in Toronto, I understood, but found it could not be done economically. Why was that? Was it because the skins were not being shipped direct to the firm in Toronto?

Mr. MacKINNON: I am told that the machinery referred to, which was shipped from England, is still in Toronto; that seal skins were supplied to this company but that they abandoned the project for reasons of economy.

Mr. PEARKES: Because the war was on and the personnel were required for active service. Might this not be an opportune time to reopen negotiations? If the equipment is here, perhaps we could have some of the specialists sent out, and it might be possible to have that industry commence operations in Toronto, so that under the direction of these British specialists employment could be given Canadian furriers.

Mr. MacKINNON: The suggestion is very good, and I think it will be followed by the department.

Mr. HAZEN: Is there anything to prevent either Russia or Japan from killing these seals that breed on the Pribilof islands, while they are on the high seas?

Mr. MacKINNON: When the seals are on the way from the Pribilof islands to the California coast they are under the protection of the United States navy.

Mr. HAZEN: Are they on the high seas then?

Mr. MacKINNON: They are on the high seas.

Mr. PEARKES: Has it not been established that a portion of that fur seal herd crosses the Pacific when they have left their breeding grounds and live off the coast of Siberia, actually mingling with the Russian herds?

Mr. MacKINNON: I believe it is suspected that this may happen, but there is no definite knowledge about it. Our knowledge deals with the journey of the seals from the Pribilof islands to the California coast and back.

Mr. PEARKES: There is nothing to prevent Russian fishermen from killing the Alaska fur seal if it is found off the coast of Siberia?

Mr. MacKINNON: I imagine not, but they are not doing so.

Mr. PEARKES: How would we know?

Mr. SMITH (Calgary West): What is this great difference in processing? That is a tremendous word which seems to mean a great secret. In this country we have many fur bearing animals that enter the water, such as beaver, otter and muskrat. There is no difficulty in processing them, and they look rather good in Hollywood fur coats. What is this mysterious secret with respect to seals? You pick up a skin and it feels the same as any of the others; perhaps the best way to put it is that it is a skin you love to touch. What is this secret we are so greatly worried about?

Mr. MacKINNON: That is what we have been trying to find out in Canada, as well as in other parts of the world, for a long time. As I said, there are only two firms that have this necessary secret, the know-how, to process these fur seals.

Mr. SMITH (Calgary West): All right, but why cannot the fur seal skin be tanned? That is a word the meaning of which we all know. Has anyone ever tried it? To me it seems like a lot of nonsense, as though someone were running a big racket on us and we are dumb enough to accept it.

Mr. MacKINNON: I am informed that Canadian firms have tried it, but unsuccessfully.

Mr. SMITH (Calgary West): Who?

Mr. MacKINNON: If, instead of being Minister of Fisheries, I were in the seal skin processing business, probably I could give a very good and proper and convincing answer to my hon. friend.

Mr. SMITH (Calgary West): Well, you have a couple of gentlemen in front of you. I do not know what they are there for except to give answers to questions of this kind. It does seem rather dumb on our part that two groups of people, one in St. Louis and one in London, should say they have a secret process for the handling of seal skins, when we have dozens of processes for the handling of skins of other animals which frequent the water. It seems to me very strange that we cannot unmask this masquerade, shall I call it, or whatever is going on with respect to fur bearing seals.

Mr. GIBSON (Comox-Alberni): We have been taking these seals for about seventy-five years, I may tell the hon. member for Calgary West. Hon. members know how enterprising our United States friends are, but it was only about fifteen years ago they finally discovered an alternative process to that used by the English processors. Up to that time the Americans sent all their furs to England, and it is only within the last fifteen years that St. Louis has been able to carry on the same process.

Mr. SMITH (Calgary West): I fully appreciate what the hon. member has said, but all Americans are not tremendously brilliant. Perhaps they were dumb and woke up fifteen years ago. We are being dumber than they were for another fifteen years. That is the obvious answer to what the hon. member has just said.

Mr. GIBSON (Comox-Alberni): On the other hand, it may be that not enough seal skins come into Canada to make it worthwhile for anyone to waste a lot of time and invest a great deal of money in a particular process.

Mr. SMITH (Calgary West): You have said the same thing that occurred to me a long time ago.

Mr. PEARKES: Has this question been referred to the national research council to see if they can assist the industry in finding a way to cure these seal skins, just as beaver skins are cured, for example?

Mr. MacKINNON: It has been referred to the national research council by the government. I do not know whether private industry has done so, but I do not believe it has.

Mr. PEARKES: Then might I suggest that it be referred to them?

Mr. SMITH (Calgary West): An ordinary chemist can tell by smell.

Mr. HAZEN: Can the minister tell me how the United States can protect these seals from Japan or Russia while they are on the high seas, if those countries have not entered into the agreement? I know that a year or two ago the United States claimed certain powers over the seas as far as the continental shelf extended, but these seals must be beyond the continental shelf. I just wondered what power the United States navy would have there.

Mr. MacKINNON: I understand that there was a tacit agreement between Russia, Canada and the United States that Russia would direct its operations to the seals along the Russian coast and Canada and the United States would direct their attention to the Pribilof island seals. That tacit agreement is still being respected and acted upon, though there have been no conversations with Russia on the matter.

Mr. GREEN: How was the catch divided when Russia and Japan were parties to the agreement?

Mr. MacKINNON: Canada was getting 15 per cent; the United States, 70 per cent, and Russia, 15 per cent.

Mr. GREEN: Was Japan not a party to the agreement?

Mr. MacKINNON: Japan was not a party to the agreement at that time.

Mr. GREEN: Japan has never been a party to the agreement?

Mr. MacKINNON: It has never been a party to the Pribilof agreement.

Section agreed to.

Sections 2 to 6 inclusive agreed to.

On section 7—Importation or possession prohibited.

Mr. PEARKES: I assume, from the Latin names which are used, that the three species referred to in paragraph (b) are the Russian, Japanese and Alaskan fur seals.

Mr. MacKINNON: Yes.

Section agreed to.

Sections 8 to 20 inclusive agreed to.

On section 21—Duration of act.

Mr. PEARKES: Will there be any time limit? I think I am correct in saying that an investigation is now being carried on by the United States as to the actual damage being done by these animals to the fisheries of the Pacific coast. If the report from the fish and game department indicates that there has been a great deal of damage, will it be possible to review this act and have it changed, or is its duration indefinite?

Mr. MacKINNON: That question is answered by article X of the agreement.

Mr. HAZEN: Has legislation confirming this agreement been passed by the congress of the United States and approved by the President?

Mr. MacKINNON: It was passed and approved last year.

Section agreed to.

Schedules A and B agreed to.

Title agreed to.

Bill reported, read the third time and passed.

ROYAL CANADIAN MOUNTED POLICE

CONTRIBUTORY SUPERANNUATION SCHEME—COMPENSATION FOR INJURY SUSTAINED IN COURSE OF DUTY

Right Hon. J. L. ILSLEY (Minister of Justice) moved the second reading of Bill No. 211, to amend the Royal Canadian Mounted Police Act.

He said: Mr. Speaker, I feel that I need to add but little to what I said when I introduced the resolution. The bill has been printed and circulated, and hon. gentlemen who wish to question any part of the bill will have ample opportunity for so doing in committee of the whole. The main part of the bill is that which brings the pension provisions for members of the Royal Canadian Mounted Police in line with the pension provisions for members of the armed forces.

There are other sections of the bill of a miscellaneous nature. There are certain provisions for pension for disability as distinguished from service pensions. It is the kind of bill which cannot be discussed very well by the minister introducing it on second reading, because it has so many diverse provisions which, I assume, can be dealt with in committee.

Mr. J. G. DIEFENBAKER (Lake Centre): Mr. Speaker, the bill was just distributed this afternoon and therefore it is somewhat difficult to analyse the general principles as one would have hoped to be able to do had it been distributed earlier. As far as the general principle of the bill to extend provisions for retirement and compensation to members of the forces is concerned, there is entire agreement in so far as the official opposition goes. On this occasion there are a few ideas that I wish to place before the minister with a view to removing some of the anomalous conditions that prevail and clarifying some matters regarding which there is a critical feeling on the part of members of the Royal Canadian Mounted Police.

One of the main criticisms in the past was that the pay received by these officers was not commensurate with the responsibilities they had undertaken. That was so particularly during the days of war, even though provision was made by means of a temporary arrangement to increase the pay. The recent increases that were announced do not go as far as some of us would have liked to see them go, but they have been favourably received and have gone a long way toward removing one of the major causes of dissatisfaction on the part of members of the Royal Canadian Mounted Police.

[Mr. MacKinnon.]

Their duties, as your honour knows, were most onerous during the period of the war. Their duties today, having regard to the work they do in connection with the investigation of subversive elements such as communists in our midst, is of grave importance and demands the most serious attention on the part of parliament. These officers—and by officers I mean the general personnel of the Royal Canadian Mounted Police—however much their pay may be increased, still find themselves in the position of being very lowly paid, having regard to the fact that in the main they are on duty 168 hours in each and every week.

In running over this bill, I am particularly impressed with one thing, and that is the care with which these amendments have been prepared and the apparent desire of the minister and those associated with him to remove a number of causes of serious complaint.

I realize that I should not go into any particular sections at this time, and I do not intend to do so except to say that one of the major causes of objection until this bill was introduced was that time served in active service during the last war was not in the term of service of an officer counted for pension purposes under the act. But that has now been covered, removing a serious cause of objection.

I would ask the minister, however, to explain this. What about the position of the men who served in the mounted police during the period of the war and who, at the conclusion of their term of office, decided in their own interests—and by their own interests I mean in the discharge of their patriotic feelings—to enlist in the armed forces and go overseas instead of continuing in the service of the force? Provision should be made so that their period of service should also count, irrespective of the fact that in September, 1939, the statement was made by the Minister of Justice (Mr. Ilsley) that no permission would be granted them to enlist in the armed services.

Another matter of importance is that, while part 3 today provides for retirement allowances for members of the force, those who are serving at the time this bill goes into effect are not being compulsorily required to give up their choice in favour of the provisions of this act whereby a compulsory amount must be paid by them if they would come under its provisions.

I should like to mention a few other anomalies which should be removed and regarding which there is considerable criticism. First and foremost, there is the matter that has been brought up on previous occasions, the marriage regulations. We have been losing our trained men in the mounted police, and no man can discharge his responsibilities as a member of

this force unless he has training and experience. Only last year I ascertained this fact, that between January, 1946, and May, 1947, 246 members of the mounted police voluntarily left the force, which number included 109 retirements at the expiration of their respective periods of service, 45 of whom had a matter of only between five and ten years' service. One of the causes of ill-feeling is the fact that marriage is denied to members of the force until the expiry of five years' service. In addition to that, a new rule is made that they must have assets of $1,200 instead of the $500, as the rule used to be. I know the explanation that is given. It is that we must have young men in the force. But surely these young men who serve in the force should not be required to remain in the force until they are approximately thirty years of age before being permitted to marry.

Another matter is the personnel report. As a member of the force moves from place to place a secret personal file is kept of him. He never has an opportunity of seeing that file, but that file operates against him as the years go by, and many of the men in the force find themselves in the position of not understanding why promotion is being denied them. I suggest this—and it has come to me from members of the force—that they should have the right to peruse their file with a view to answering any charges which have been made against them but which have not gone to the point where an actual charge has been preferred under the provisions of the police act.

Just in that connection, I see by the amendments that further provision is made for the trial of police officers. I consider it most unfair, as do the members of the force, that when they come up for trial they are denied the privilege of being represented by counsel. I have not the regulation here—I could find it without any difficulty—but it is a rule which prevents them from being represented by professional counsel on charges that will determine their future.

Another cause of complaint is from many of the younger members of the force who wish to go on to police colleges. Their usual complaint is that, however much they may wish to improve themselves they find that seniority, seniority bordering on retirement, is the qualification for attendance at courses from which improved technological procedures might be learned by the members of the force.

So far as the detective force is concerned, one of their major complaints is that, while they are required to go about in plain clothes, the total amount allowed them as a plain clothes allowance was, at the last information I have received, twenty-five cents a day, an amount totally inadequate to permit them properly to clothe themselves.

These are just a few of the complaints that, I suggest, should be removed in order to restore a higher degree of morale than prevails today in the force.

There is one other matter and it is of major importance. Today the Royal Canadian Mounted Police in all parts of Canada are engaged in a recruitment campaign to secure 300 to 400 new men for the force. No doubt the reason for that campaign is the fact that the duties and responsibilities of members of the force have been materially increased by reason of communistic endeavours in all parts of Canada. We are in a position where we cannot ourselves ascertain what the members of the Royal Canadian Mounted Police consider is necessary to increase their ability to cope with the subversion that they find in so many places. I realize that the mounted police officers are denied the privilege of discussing these matters publicly, although it has come to this stage that in the last few weeks two of the officers have dealt with communism and its danger to our country. One of them, Superintendent McClellan of the intelligence branch of the Royal Canadian Mounted Police spoke in Ottawa; another one, Inspector Savoie, spoke in Winnipeg before a service club. They placed before service clubs something of what the danger is.

There is only one way in which the people of this country can fully understand the situation, and that is, by being given, within the limits of security, nevertheless in general terms, the information that is possessed by the Department of Justice in order that our people may be aroused and not soothed as so many are today.

I do not know what the mounted police officers believe is necessary to cope with this situation; none of us do, except the minister and those charged with the administration of the Department of Justice. In the United States there have been continuing investigations regarding this situation and as to the proper course that should be adopted. One of the star witnesses before the United States committee was no other than J. Edgar Hoover, head of the investigation branch of the United States. When he appeared before the committee of congress this outstanding police officer advised the people of the United States by placing his point of view before the members of congress on what should be done. We meet in parliament from week to week and all the information we have regarding this problem is what we read in the newspapers.

The committee of the United States congress dealt with the matter and made certain recommendations which are set forth in an article in the *Christian Science Monitor* of April 25, 1948. The conclusion which they came to was that communism should be kept above ground as much as possible, but that the party and every fringe organization should be subject to the principle of self-identification; that is, require them to register and to reveal periodically their offices, their connections and the sources of their support. I point out that one of the men who took that stand was the man who has built up in the United States an effective police organization embodying many of the great principles of the Royal Canadian Mounted Police without at the same time having the lengthy tradition of that organization.

I should like to ask the minister this question: will he frankly tell parliament what the Royal Canadian Mounted Police require to do in order to cope with the cult of confusion that is being disseminated by communists in our country? I speak with police officers. They say that the law, as it stands today, is insufficient to meet the situation. After all, what we are trying to do here is to place in the hands of the Royal Canadian Mounted Police, under democratic principles and under parliament, the tools with which they can cope with the situation they find. Because the Canadian people are asking for this, I ask the minister if he will place before the house and the country what the Royal Canadian Mounted Police are asking in the way of amendments to the law, and will he make this country aware of the situation, generally speaking, in regard to the spread of communism in our midst?

The hon. member for Portneuf (Mr. Gauthier) made a striking speech the other night, but I cannot refer to another debate in this connection. I do say that, however striking are the speeches which are made in this house, none of us is in the position of the Minister of Justice who represents the law officers of this country, since he is the head of this great institution which has behind it a record and tradition of service equalled by no other police organization in the world. No one is in a better position to place before the house and the country exactly what the position is. No one else is in the position of placing frankly and fairly, and again I say within the limitations of national security, the situation as it is.

I am going to bring one matter to the attention of the minister. It was brought to my attention again today and to the attention

[Mr. Diefenbaker.]

of other hon. members, as indeed to his. I know what the situation is in some parts of our country. We have people who came here from various parts of Europe, and they have relatives over there living today under the shadow or behind the iron curtain. I know there are hon. members in different parts of the house who can bear me out in this. These people are being asked for contributions, if not directly, certainly indirectly, to assist in the spread of communism in Europe. They are loyal Canadians; they have no loyalty other than loyalty to our institutions, and I want to say in that connection that the record of voluntary enlistment in the armed forces in the last war was not exceeded either by Anglo-Saxon Canadians or Canadians of French origin when compared with those whose people came from continental Europe. These people ask, why is it that we are placed in a position of being intimidated?

I place one example before the committee. The minister himself has received a letter along the same line. A group of men representing the council of Canadian south Slavs are today using threats against members of their own race domiciled in Canada that if the individual threatened does not conform to the wishes of the group his relatives still in Yugoslavia will suffer. That is happening to people of other racial origins in Canada. These people in Canada whose loved ones are over there are being intimidated by a form not of subtle threats but of actual direct intimidation.

As I understand the law, there is nothing that the Royal Canadian Mounted Police can do today to proceed against those who, by subversive activity such as that, actually undermine the state. The only provision that I know anything about, outside of the provisions covering sedition, which can be used in these particular circumstances is section 748 (2), which deals with the question of threats, but does not deal with questions such as I have pointed out.

What is the situation? Mounted policeman after mounted policeman have told me this, that they go out into these districts and find these activities going on. They find these threats being made against loyal Canadians; and these people cannot understand why, under our law, activities such as that may flourish and expand, and why there should be no law to proceed against the wrongdoers.

I suggest this—and it is just one example; I could mention several others—that the mounted police charged with this great responsibility did not fail us during the war. They did not fail us in 1939 at the outbreak of war.

They had complete lists of those who would have undermined the state; and they are not failing us today, operating as they have in the past as a silent force.

But I do feel this, that they have the right to ask those of us in parliament to face up to this issue, and to give to them within democratic confines something by way of teeth in the law which will support them, and which will serve to prevent the uncontrolled dissemination of communism in our country.

I am not going into any further detail at this time. Let me say to the minister that this bill goes a long way toward removing many of the anomalies which have existed for years. It will be appreciated by the Royal Canadian Mounted Police throughout our country. They have been prepared to make sacrifices in the interests of Canada. We in parliament should, as I see it, do our part to place on the statute books laws which are more up to date, laws applicable to 1948, laws that will have some regard to the expansion of the subversive undercurrent of communism in our country, laws which will meet present-day needs, so that our police officers will be able to assure us of protection against subversion, which protection too often was absent in those countries which have recently been overrun.

Mr. J. O. PROBE (Regina City): Mr. Speaker, because a major part of the Royal Canadian Mounted Police has its headquarters in my city of Regina, and because of the tradition built around the work of the mounted police over the past several years, I consider it proper that the member from Regina should say a few words respecting the general principles underlying the bill now before us for second reading.

I have not had an opportunity to study the bill in detail. However it looks to me as though it is designed to remedy those conditions which were brought before the House of Commons when in previous years we have been in committee of supply on mounted police estimates.

I said at the beginning that those of us who call ourselves prairie pioneers look upon the mounted police as our own force. While undoubtedly some seventy years ago it was initiated in Ottawa, the fact remains that the major part of its early work was performed on the prairies from the time of the Riel rebellion, and has had a great deal to do with the attitude toward law and order that those of us who spring from non-British stock have come to regard as the law of Canada. I say that because we see it through the eyes of the mounted police, to whom we have looked for friendship and counsel.

I believe the glamour feature of the mounted police has often been over-emphasized. We could properly leave that to the autograph seekers who come to these buildings during the summer months to take pictures of the men who are on duty outside the building and who are more or less on show.

Sometimes it is said that it is difficult to get recruits for the mounted police, or that the type of recruit today is not of the same high standard attracted some thirty or forty years ago. I believe that in some measure the glamour aspect is responsible; because, while the young men of today are as good and loyal citizens as were their fathers and grandfathers in years gone by, they are a little more hard-headed with respect to the dollars-and-cents aspect of the matter, and regarding the amenities which go with the duties they have to perform.

I would draw to the attention of the Minister of Justice (Mr. Ilsley) the fact that the conditions under which the force operates, particularly the conditions of discipline, are in many respects outmoded. No one would say that a police force as much respected as the Royal Canadian Mounted Police should not have a high and rigid standard of discipline. But when the disciplinary features become petty, or when a constable or non-commissioned officer may be made or broken by a martinet above him, then I think it is time we brought ourselves up to date. The commissioner and, through him, his assistant deputies are practically the sole arbiters as to the worth or otherwise of a constable who may have served for years on important missions. They are the sole arbiters in respect of dismissal.

Reference was made earlier by the hon. member for Lake Centre (Mr. Diefenbaker) to the fact that members of the force are not in a position to comment on adverse reports in their files. That is not just, and does not improve the prestige of the force, nor does it improve the attitude of the men toward the work they may have to perform.

There was a time from October, 1918—and perhaps the minister will correct me if I am wrong—when order in council P.C. 2213 was passed, when members of the mounted police force were prevented the right of association, whether through trade unions or through organization of a fraternal nature among their own membership. They were denied those channels through which they might present their grievances on a semi-equal basis to higher officers, or to make comments with respect to the good and welfare of the service.

That form of rigorous treatment of men as competent as those in the mounted police is as outmoded as are the horses and buggies we used to use on the prairies forty or fifty years ago. It seems to me that the right of association of constables of the force should be encouraged rather than frowned upon by the Minister of Justice.

Tradition in an excellent thing; but when it is hedged in by an obsolete form of discipline, then I think it is time to do away with it. I want the minister, if he will, to comment during the course of his remarks on the fact as to whether or not the superannuation referred to in the amendments to the act will supersede the original superannuation plan whereby constables of the force received superannuation rights without contribution on their own part. We now have a contributory system of superannuation being introduced here for non-commissioned officers and constables. Formerly only commissioned officers were obliged to contribute.

Second I should like to know whether or not the pension plan that had been instituted for non-commissioned officers and constables, which was non-contributory on the part of non-commissioned officers and constables, is now being incorporated into this plan, or whether it will be possible for those who were not contributing to their pension to continue to be free of contribution from here on for the remainder of their period of service; and whether or not those who had contributed to the superannuation plans involving their wives would now have some consideration by having the old plan incorporated in the new.

Mr. SMITH (Calgary West): It is clear in the act.

Mr. PROBE: I may not have read it carefully enough. The hon. member for Calgary West (Mr. Smith) said it is clear in the act. If it is, then of course the fault is with my poor reading. I had the bill only this afternoon, and to me it was not clear. The minister may be able to clear that up.

I think that is all I wish to say at this time, Mr. Speaker. But I should like some clarification as to where the old pension plans stand now with relation to the contributory ones that are now being discussed here.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I wish to make a remark or two about the police, and then to suggest to the minister three points or three legislative fields which I think are worthy of study, following the remarks made by my colleague, the hon. member for Lake Centre (Mr. Diefenbaker).

[Mr. Probe.]

To those of us who have watched this force and have been close to it, theirs is an amazing achievement. I refer particularly to Regina whence comes the hon. member for Regina City (Mr. Probe). I do not know that we really appreciate what has gone on in their laboratories by way of scientific study. We always hear about the great achievements of the federal bureau of investigation. They are great; they are not only great but tremendously expensive. The federal bureau of investigation are now recruited from persons who must have professional education, even graduation in accountancy or law. There may be some other profession involved, but I know those two are.

Not so long ago I had occasion to have experience with some of the excellent work which is being done by the mounted police on a number of subjects. One was human hair. It would just amaze you, Mr. Speaker, how those men in that place, having found a bit of hair, and then getting a piece of yours, would show that you were the person who was at the scene of the crime at the particular moment when it was committed. The things they have done with steel and the things they have done with paint are remarkable. I was on the losing end of a case not so long ago where my unfortunate client, in committing his crime, had scraped against the wall and a bit of paint came off and fell into his overcoat pocket. The paint was of a common variety, the kind used in painting barns and so on. But the mounted police were able, by an amazing instrument, to photograph in colour the bit of a crumb of paint in this man's pocket. Then, by comparing it with the paint on the wall, they were able not only to trace it and establish that it belonged to that kind of paint, but to trace it back to where the paint was made and the shipment from which it came; and in that way to trace it to the store from which it was sold and thus identify my innocent client with this crime which had been committed.

Those things have been done, and I mention only two or three. The work that has been done with regard to blood is simply phenomenal. The mounted police, I might say, have matched and in some cases exceeded the achievements of this institution in Washington. It strikes me as strange that the man who is in charge of all that, and who is a wizard if ever I saw one, is only a sergeant major in the Royal Canadian Mounted Police. I will not mention his name because he may be getting a medal; and if I mentioned his name he probably would not get it, so I will not do so.

Then going back through history, I know of so many fine, extracurricular things, if I may use that expression, that have been done. But they all point up this fact, Mr. Speaker, and I think the Minister of Justice (Mr. Ilsley) has no doubt given it consideration. Our greatest lack in crime detection and punishment in the Dominion of Canada is a central police organization as, for example, England has.

I am happy to think that in the province from which I come we have no provincial police. The mounted police perform those duties. In many towns in Alberta that is the situation and they are growing in number. The mounted police, under contract with these towns, are also doing the municipal policing which is required in these various places. The thing that I call to your attention there is this. Consider what a mounted policeman in Alberta must necessarily know. He must know the dominion laws, outside of the code laws with respect to narcotics and all that sort of thing. The mounted police have been involved —and I am sorry they were—in the wartime prices and trade board prosecutions. They must know the many dominion statutes. In those towns which have contracted with the Royal Canadian Mounted Police they must know the municipal laws of the community in which they are carrying on. I can think of three places now in which I know the municipal authorities are happy about the change they made. They have no municipal police. The whole thing is carried on by the mounted police.

I said that I intended to make some suggestions to the minister as to a field in which legislation might take place. One is with respect to the field of communism. The first thing I point out is this. There are in the Dominion of Canada thirteen foreign language newspapers which are admittedly communist newspapers. They have a large circulation indeed. There is no hiding the fact—it is admitted—that all their propaganda is obviously of that kind. I do not want to go into detail with regard to matters of perhaps jurisdictional differences, but I mention it merely as a field of study. I have no doubt the minister has already given consideration to that point.

I turn now to something else, perhaps the most important field in which this parliament may operate. That is the pinpointing, if I may use that expression, of communist propagandists, both oral and through the newspapers. That must rest on one thing. I would rest it on the principle that all persons doing that sort of thing for a country other than Canada must register as a foreign agent. Then, when our people know the person to whom they are listening is a foreign agent they can accept what that person says and evaluate it properly. I spoke on this matter in this house some time ago. Some people thought I went too far; and at times when I am told that by enough people I even doubt my own judgment. But it does seem to me that we must come to this point in whatever we do, that the person among us who confesses higher loyalty than that to the Dominion of Canada, should, in short order, be regarded and treated and punished as a criminal in this country.

In saying that, I am saying nothing against our freedoms the freedom of a citizen; because what is the privilege and what are the responsibilities of a citizen of Canada? His privilege is the protection the laws of Canada give him. His responsibility is loyalty to the king of Canada and to Canadian institutions. If that person is not prepared to accept the responsibility while he enjoys the privilege, then the equation is broken; the equality is gone. He stands for what he is, the agent of a foreign country. I do not want to go into detail, but I suggest that basis for a study of what may be done legislatively by this parliament in combating that menace.

Another matter which I think requires thorough investigation is this. Are the embassies and consulates of certain countries being used for the spread of propaganda here which, in the final analysis, is aimed at the destruction of this country? I make no charge, but I say this. We have an expression "diplomatic immunity." We even had a couple of dogs barking at our diplomatic immunity the other day. But this big expression, "diplomatic immunity," must certainly be a two-way street. In other words, diplomatic immunity should never permit an embassy or a consulate in this country to be the means of spreading propaganda for the destruction of our way of life, unless in the country from which those people come we have permission to act in a similar way. There is no sense, it seems to me, and no justice in our just hiding behind a formula when we know very well that the immunities we would get over there are not the same as we are granting here. In other words, I think in the legislative field we might find something in the nature of reciprocity on that subject.

Once more I want to say how much I am in favour of the principle of this bill. After we pass it, no mounted policeman will die with a sockful of money, or anything like that. The pay is modest. The reason is just. The time is opportune, and I shall help the minister in every way possible to get this bill, as he has drawn it, through the House of Commons.

Mr. A. M. NICHOLSON (Mackenzie): The points I planned on discussing have already been mentioned, Mr. Speaker, but before you leave the chair I want to urge that greater consideration be given the question of the compensation of members of the mounted police. I have always thought that, if we take into account the responsibilities of the members of the force and the number of hours they are on duty in the course of a week, the compensation is quite inadequate; and the increases that have been given on account of the increase in the cost of living have not been sufficient. I also want to urge that consideration be given those who joined the armed services that they should not be penalized through the loss of seniority.

Then I want to raise the point that has often been mentioned in the house, the medieval ideas still prevalent in connection with the marriage regulations. For some twenty years I have lived in a northern frontier area where we have seen a succession of young men join the service and come north. There they have become acquainted with schoolteachers, nurses and other charming young women in that north country, and decided they would not wait for five years to get married. As a result, they have given up the mounted police and have been lost to the service. It could be understood, perhaps, that regulations of this sort might be necessary before the railways were built across Canada, when men went to their posts on horseback; but now, with modern travel, I can see no reason why a man who is able to measure up to the requirements of the force should not be allowed to get married.

The standards that have been set are high. No officer or constable shall be appointed to the force unless he is of sound constitution, active and able-bodied, of good character and between the ages of eighteen and forty, and unless he is able to read and write either the English or the French language. Men who can meet these requirements should not be asked to wait for five years before marrying, if they meet the young lady of their choice. I would remind the minister that, during the war years, he did not ask young men who joined the army, the navy or the air force to wait for five years before taking on family responsibilities. The minister was able to find the wherewithal to provide allowances for the dependents of those who risked their lives for our country in wartime; and I urge that now in peacetime, in his own department, he remove these barriers which prevent his personnel from living a normal life.

[Mr. Smith (Calgary West).]

In northern Manitoba there is today no problem in providing air transportation. I know of a corporation which maintains a large establishment in the Churchill river district. They encourage women to come into that community, and men to live normal lives, because they believe they get much more in the course of the year from men who come in and bring their wives and children with them. In the event of illness, people are flown out to the nearest hospital, and provision is also made to fly them out for their holidays. I believe the people who live in these northern areas deserve the best from the Royal Canadian Mounted Police, and I think we should encourage the young men who go in there to marry and bring in their wives.

The final thing I want to do is to put in a word on behalf of my legal friends. I find in the act a long list of offences and penalties. The paragraphs run all the way from a, b, c and down to x. Section 31 of the act provides:

> The commissioner, the deputy commissioner and assistant commissioner, or the superintendent or other commissioned officer at any post or in any district, may, forthwith, on a charge in writing of any one or more of the offences mentioned in this act or any regulation made under the authority hereof being preferred against any member of the force, other than a commissioned officer, cause the person so charged to be brought before him, and he shall then and there, in a summary way, investigate the said charge, and, if proved on oath, to his satisfaction, shall thereof convict the offender. Every commissioned officer for the purpose of this section is empowered to administer the necessary oaths in dealing with a charge in a summary way.

I know that some provision has been made in the bill for lesser punishments, but this section still places members of the staff in a position where they can be dealt with in what I consider to be an undemocratic way. I can quite understand where regulations of this sort might have been necessary before the railroads were established and when men went out to the northwest and were beyond civilization for six months or even six years at a time. No doubt it was necessary to give special responsibilities to those in charge of the force, but I can see no reason why the personnel should not have legal assistance.

I know if I were in trouble I should like to have my good friends, the hon. member for Kindersley (Mr. Jaenicke), or if I were in serious trouble I should like to have the hon. member for Lake Centre (Mr. Diefenbaker) plead my case. I would feel that, no matter how dark the future might seem to be, he would make a good argument for a very bad case. I think members of the Royal Canadian Mounted Police are entitled to legal assistance.

The hon. member for Calgary West (Mr. Smith) lives in a province in which they have high union fees. I notice that a publisher got a lawyer from Ontario and had to pay union fees in Alberta which ran over $1,500. That publisher probably considered it important that he have legal counsel available to argue his case. No matter how clever a lawyer one might be, I think if a charge were made against you, you would want someone else to argue your case. While the members of the Royal Canadian Mounted Police are familiar with law and no doubt could defend themselves in most cases, I think they are entitled to counsel to argue their cases.

Many members of the Royal Canadian Mounted Police have to take on assignments at risk of life. Section 30 provides:

(n) wilfully, or through negligence or connivance, allowing any prisoner to escape.

A man might act on the spur of the moment. I understand that there have been cases where the record was quite clear but where someone who had a good deal of money and held a spite against the police officer took legal action against him. I think it is unfair that a member of the force should have to argue his own case. There should be legal counsel provided for him at public expense as long as he is a member of the force. If he is proved guilty of the offence and is to be dismissed, well and good, but so long as his record is clear I think it should be taken as a matter of course that, if action is taken against him, legal counsel will be provided to see that his case is presented in the proper light.

I wanted to bring these matters to the attention of the minister because the new bill does not make provision for these matters.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I wish to say just a word on the bill before us. We consider that this Bill No. 211 is a step forward in bringing to the Royal Canadian Mounted Police that decent treatment which many of us felt should have come some time ago. I want to congratulate the minister upon having gone into the whole matter. I think it was a year ago that he gave the promise that something would be done at the earliest possible moment.

We are in agreement with the principles of the bill. While it does not go all the way toward the objective that we hoped would be attained, it is certainly a substantial betterment and we are happy about it.

It has been my good fortune to live on the frontier and be associated with the work of this splendid force ever since I was a small boy. I have seen the changes that have taken place in the force, and my experience from seeing them work in my boyhood home, and more recently in the Peace River country, has led me to believe that the old pioneering spirit of the force has not lost one particle of its vitality. I find the members of the force to be efficient and courteous without becoming obnoxious or obtrusive in any sense. I believe the Royal Canadian Mounted Police can be compared favourably with the finest police force in the world, and that without in any sense being accused of exceeding their duties or of taking privileges such as are taken in many lands. We are grateful to the Royal Canadian Mounted Police and for what they have accomplished in this country.

There is one word I should like to say to the minister. I believe it was during the throne debate a year ago last spring I said that in my judgment the special investigation branch of the force was being neglected. I have not kept up to date with the improvements that have been made, but when the minister is closing the debate I hope that he will have something to say about the special investigation branch.

At that time I was of the opinion, from information which I had received from very good sources, that the special investigation branch was being sorely neglected. I did not think at that time—and I think I so stated on the floor of the house—that the best men available were being recruited into that branch. Subsequent events proved that we needed them, because it was not long after that Mr. Gouzenko made his sensational revelations which touched off the communist hunt throughout this country and, in, fact, throughout America.

Reports had been sent in by special investigators prior to that time from various parts of Canada; in fact I would say that some were dated two or three years before the spy probe. These reports from special investigation officers were sent in from areas where it was known that communistic activity was strong, but no attention whatever seemed to be paid to them. The details given were correct and those details were furnished to headquarters, but the reports were pigeonholed. In some instances that I know, these officers were told to tread lightly and not go too far.

When you have an efficient special investigation branch and where it is known there is a strong possibility of communist infiltration, every report sent in by these special investigation officers ought to be carefully scanned and

sent on to the commissioner or assistant commissioner, and a note taken, with action wherever it is recommended.

It seems to me that, in selecting men for the special investigation branch, full cognizance should be taken of the experience of the men and of the effective work they have done over the years; and further, that in a specialized branch which requires a particular type of investigational sense the men should receive pay comparable with the qualifications which are necessary to the attainment of a high degree of efficiency in that branch. I do not believe, from my experience with that branch, that these men have been given quite a fair deal in years past.

I recall particularly, when we made the change-over in the province of Alberta from the old Alberta provincial police, there were some misgivings about making a contract with the Royal Canadian Mounted Police. We were uncertain as to the abilities of the force to police the province generally. We did not know how efficient their special investigation branch would be. But after ten years of quite close association with the acting assistant commissioner in Edmonton, and with the force, generally, I want to pay tribute to these men for what they did accomplish, both those in the general force and in the special investigation branch. Those officers were splendid men. I think it is time that the minister and his department strengthened the whole force, as well as the special investigation branch by getting in the very best men they can get, men who are trained in all the modern techniques of investigation and report, and that adequate pensions be provided and payment be made to them commensurate with the services they are rendering. We are very happy, Mr. Speaker, to support the principle of this bill.

Mr. G. R. PEARKES (Nanaimo): Mr. Speaker, as a former member of the Royal Northwest Mounted Police I should not like this bill to go to the committee without expressing my appreciation to the Minister of Justice (Mr. Ilsley) for having introduced the bill, which will improve the service conditions and pensions of the force that now perpetuates the tradition of the force to which I belonged. I should like to say from my personal observation, that I am convinced that the younger men who are in the Royal Canadian Mounted Police are in every way upholding the highest traditions of their former comrades.

I have not had an opportunity to study the bill in detail, nor should the details be discussed at this stage, but there are three points which have already been mentioned in part that I should like to emphasize and perhaps illustrate.

The first is the effort to intimidate certain groups of Canadians who have come to this country from Europe. Only today it was brought to my attention that a disturbance had occurred at a meeting held in Nanaimo and presided over by the mayor of that town, when a gentleman who had recently come from Europe was endeavouring to explain to some of his fellow countrymen and the citizens of the town at large the conditions as they exist in Europe at the present time. The greatest difficulty was experienced in trying to maintain order during that meeting, because a group of some thirty or forty hooligans, mostly of foreign extraction, were endeavouring to prevent this gentleman from telling of conditions as they actually exist. They were accused of being communists, and actually four of them stood up and admitted that they were communists. But they were holding out threats to their fellow countrymen that their relatives in Europe would be persecuted if they listened to the words of advice which were being given by this Canadian gentleman of foreign extraction who was speaking to the meeting at that time. I understand that it is extremely difficult, if not impossible, for the law officers of the crown to take any action against people who threaten to do bodily harm to relatives of other people when those relatives are not resident in this country. Whether it is possible for the criminal code to be amended in order to take care of that situation I do not know, but I feel that the task of the Royal Canadian Mounted Police would be made easier if something could be done along those lines.

The second point I wanted to bring to the minister's attention was touched upon by the hon. member for Regina City (Mr. Probe), who expressed the hope that there might be some means of harmonizing the various pension schemes that existed during the long service of the various forces, the Northwest Mounted Police, the Royal Northwest Mounted Police and the Royal Canadian Mounted Police. There are men living today who joined the Northwest Mounted Police and who served for years at fifty cents a day, that being the rate of pay at that time. I received a letter not very long ago from a warrant officer of that force who joined in 1905 and served until 1935, when he was asked to make way in order to speed up promotion. He had done thirty years of service instead of thirty-five years. By agreeing to the request of his superior officers, he forfeited the full

pension that he would have obtained had he stayed on for another five years. I should like to read an extract from his letter. I prefer not to mention his name, although I shall be pleased to give it to the minister if he so desires. He says:

> I have to date contributed the sum of $2,609.75, leaving a balance of $249.53 still due on the full amount.

After he discussed his retirement with his senior officer, he was informed that he would have to pay the sum of $219 yearly for the rest of his life. Actually the words which are written on his discharge certificate are, according to my information, these:

> A clause should be inserted on the discharge board to the effect that Sergeant (So-and-so's) pension will be subject to a monthly reduction of $18.25 on account of prior service contribution to the widows pension fund for the rest of his life. Please exercise care in seeing that this clause is inserted on the discharge board for Sergeant (So-and-so).

It seems to me that is a hard case, this old retired police officer who joined up when the pay was only fifty cents a day.

I hope that the details of this bill, or any amendments which may be suggested during the discussion, will harmonize these various pension schemes.

The last point I wish to make has to do with the question of whether provision is being made in the bill for those ex-members of the force who served overseas in units other than the No. 1 provost company, which was a unit in which men of the Royal Canadian Mounted Police enlisted directly, to count their services overseas toward their police pension fund if they rejoined the force after taking their discharge from the navy, army or air force, as the case may be. I understand that this was permitted in the case of members of the Royal Northwest Mounted Police who served in world war I and came back and joined the force. Unless it is included in the amendments which I have not had a chance to study in the short time since the bill has been distributed, this provision has not been extended to former members of the Royal Canadian Mounted Police who served overseas during world war 11.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I do not suppose that I can really add a great deal more to what has already been said. I appreciate the remarks of the leader of this group (Mr. Low) who has made our position quite clear. I appreciate also the remarks that were made by the hon. member for Calgary West (Mr. Smith). We favour this bill because we believe that the magnificent work which the Royal Canadian Mounted Police have done in the past and are doing today deserves great consideration.

The particular thing I had in mind, and which called me to my feet this evening, is that I believe there should be inserted in this bill somewhere some assistance to the unfortunate widows of those Royal Canadian Mounted Police officers who were perhaps, shall I say, unfortunate enough to be non-pensioned. I do not know to what extent that situation exists, but I do know of one case, and perhaps if there is one case there must be others, where a member of the Royal Canadian Mounted Police died, leaving a widow. She is now growing old and is in need. Her husband had a good record, but because she did not come within the scope of certain acts that are already in existence she was unable to be the recipient of any assistance. I do not know just how far this bill goes along that line and I cannot pick out the section here and discuss it now, but when we come to that section I wish the minister would elaborate on it a bit and tell us how far we are prepared to go in that direction. These cases cannot be very numerous; there cannot be many of them. It surely should not take a great deal of money to look after the few that there may be.

While I am on my feet I want to pay tribute to the work of the Royal Canadian Mounted Police, because I am inclined to believe that, while they may have been lauded to the skies in fiction, when perhaps it may appear that they have made a bit of a mistake here and there someone in the country is too quick to pounce upon them and besmirch them. I say that what we have to remember—and this goes, I suppose, for any police force—is that the police are in reality our protectors. Let us not forget that. I know that among some of them there may be those who appear to have that police complex, shall I say, and if the word is not too expressive, that bludgeoning aspect; but I am inclined to think that perhaps it might be a matter of the nature of the particular individual, because you cannot stereotype human nature, any way.

Generally speaking, I believe that they are doing work to protect the country and to protect the citizens, and not necessarily running out and hunting up a lot of trouble for the sake of doing so. Let us remember that. While my little voice here will not get very far outside this chamber, I am quite certain it might be well for parents in this country to teach their children just that very thing. Children do not need to have the attitude of being just a little frightened of the police-

man. That does not need to be. I can say, from experience and from my association with some members of the Royal Canadian Mounted Police in our province of Alberta, and in my own constituency—and I am not going to mention any names, because like the hon. member for Calgary West, I say that if there are any medals to be passed out I do not want to prevent their getting what is coming to them—I have received many comments from police magistrates to the effect that the officers are very helpful in solving cases, not necessarily or particularly as would-be prosecutors but with regard to the administration of justice as well. I have been told that many of them are very helpful to police magistrates in arriving at a rightful and just decision in respect of their duties.

I know a good many officers. I do not want to over-elaborate. I know some Royal Canadian Mounted Police officers who are highly respected in their communities because they take an interest in community life. They recognize that an ounce of prevention is much better than a pound of cure. Through their community activities they command respect, and the young people look up to them. They are not afraid of the mounted police, but look upon them as men who are interested in the welfare of the community. When that situation exists it is a healthy sign, particularly when we know they are our protectors.

There is an attitude among some people in the country to besmirch the mounted police and to attempt to make them look ridiculous. When our young people hear that sort of thing it is not good for them, nor is it good for our country. I remember an occasion a good many years ago when I attended an open-air meeting at which a soap-box orator was speaking. One or two mounted police constables were standing around; and this speaker actually pointed them out and said, "There they are; look at the yellow stripes down their trousers. The only thing wrong with that is that it should be down their backs."

I do not think that sort of thing impresses sane-thinking people. Perhaps people of the kind I have described should be thankful that they live in a free country, where they can make statements of that kind without being molested. Be that is it may, the Royal Canadian Mounted Police do not deserve anything like that, and there is a responsibility on the citizens of this country to see that that sort of thing does not happen. We must take people to task if that sort of thing is done.

We are behind this bill, and would be pleased if it went farther. The members of this group believe that these pension schemes could be well-handled on a non-contributory basis. I shall not go into the economics of the matter, more than to say that these men deserve all we are able to give them, not only in pensions but in pay. I do not believe their pay is high enough in view of their responsibilities. However, that is another subject which does not come within the provisions of the bill. We cannot forget, however, that the cost of living is constantly rising, and these men deserve even more consideration along that line. My last note would be a request for the government to reconsider their scale of pay.

Mr. J. E. MATTHEWS (Brandon): Mr. Speaker, my remarks will be brief, as they generally are. I shall not refer to any particular sections in the bill, and shall not do more than in a general way express my approval of this important legislation which will redound to the further advantage and further protection of the Royal Canadian Mounted Police.

I join with all other loyal and law-abiding Canadians in paying respect to this police force, a respect shared not only by the people of Canada but by many thousands in other nations of the world. These men perform their duties midst greater dangers than most of us realize. I know for a fact that often they are ferreting out crimes when most of us are at home and are comfortable, probably asleep. No matter what dangers they have to confront, it can always be said that the mounted police acquit themselves like men.

I believe that in late years they have been successful in doing their work with a greater degree of smoothness and a lesser degree of irritation than was the case some years ago. The hon. member for Macleod (Mr. Hansell) referred to their work among the young people, and their addresses to groups in the different communities. I know a little about that, and it is my belief that the results have been far-reaching in creating better understanding between these officers of the law and ordinary citizens.

It is not necessary for me to speak at length; but one of the previous speakers suggested that, while a number of anomalies in the act have been remedied, some still remain. I would add to his remarks that every reasonable step should be taken to remove any anomalies which, he suggests, remain in the act. I am in favour of anything within reason that would redound to the advantage of the force.

Mr. L. W. SKEY (Trinity): Mr. Speaker, I should like briefly this evening to express my approval of the action of the Minister of

Justice (Mr. Ilsley) in bringing this measure before the House of Commons so soon after his taking over his new post.

It was in 1946, shortly after I came to this twentieth parliament that I made the suggestion—I suppose it had been made before, but the fact is that I did make it—that the Royal Canadian Mounted Police should be put on a pension basis comparable with that of the armed forces. I am greatly pleased that the minister has done that, and I hope that the armed forces service of those now in the mounted police will be counted immediately for pension purposes, and also for marriage privileges and benefits.

I am advised that service in one of the armed forces is now only counted after the constable has given twenty years of service with the force. I may be wrong in that, and if I am I hope the minister will correct me. I would make one further recommendation, one which has been made by several other members this evening, and it is that, now that the principle of equality with the armed forces in the field of pensions has been recognized, the minister will ask his department and his officers to compare the ordinary pay of mounted police constables and officers with that of those of the armed forces. If anomalies are found, perhaps in a short time he could put them right.

I believe, too, that there should be special pay for certain posts in this service, perhaps for the special investigations branch. Then, consideration might be given to the cost of living in urban centres for members of the force who are posted in large cities where the cost of living rises sharply.

I shall not delay the house much longer, more than to say that, from the speeches tonight, it seems clear to me that further legislation is required to give our mounted police the power to fight the battle in which they are engaged today, the battle against foreign agents and communists in Canada. I believe we must have legislation to give the mounted police power to protect our people and to protect those who are threatened by the agents of a foreign power, who would approve engaging in subversive activities or belonging to subversive organizations in this country.

I am another member of this house who has the greatest admiration for what the Royal Canadian Mounted Police have done for Canada, for their great services to our nation and for the high reputation they have maintained for a number of years. I will close my remarks by saying this. The members of this force are now in the front line of the cold war. It is the duty of every member of the house and of the government to support them in every possible way.

Mr. NORMAN J. M. LOCKHART (Lincoln): Mr. Speaker, there are two points I wish to bring to the attention of the minister. I will not delay the house by repetitive remarks on our pride in the work that has been and is being accomplished by this force. I will associate myself with most of what has been said. Personally, I would draw to the attention of the minister that at the present time, and back over a period of a year or two in particular, organizations are continually approaching business people for the purpose of raising money under the pretence of some alliance; perhaps they have the name of their nationality or racial origin attached to them. I am satisfied and convinced, from investigation, that this money is going back through these channels into lands where freedom is a thing of the past.

I suggest to the minister that something might be done to bring organizations of this kind more out into the open. They are not only taking money out of the country but are organizing to the extent of getting people of their own nationality and others to join them. There is no accounting for these moneys which are raised. As I say, the activities of these groups should be forced out into the open. The officers of these groups should be known. These groups should be forced to publish the officers' names on their letterheads. I could produce a letterhead of a so-called society, which gives no name of the president. You cannot tell who is who or anything about it. The result is that these organizations often perpetrate things on the community which, I say, ought to be stopped. I do not know whether there is any law in the land which would stop them, but I am drawing the matter to the attention of the minister.

I want to go a step farther, and this is all I intend to say. These same groups at the present time, particularly with respect to displaced persons who are coming into this country, are making it their business to follow every individual under pretence of teaching him the language he is expected to learn. These groups are bringing these people to meeting places under that guise and are teaching them communism in its worst form. They go a step farther. They point out to these people who are loyal citizens of Canada—and I know many of them—that it is their duty and obligation to join these subversive societies, and indicate what will follow if they do not join. I point out to the minister that there

is a sinister threat to people of this type who, as I say, have made their new homes here in Canada.

This matter was referred to by previous speakers; I believe it was referred to by the hon. member for Nanaimo (Mr. Pearkes) in a way. I know of cases within the past three weeks in which it has been pointed out to these people that their safest procedure is to join up with these groups. They are reminded that back home in the land of their origin their own people are living under the type of discipline which they are suggesting to our Canadian citizens that they should follow. Something should be done to strengthen the enforcement of the law through the Royal Canadian Mounted Police and every other way possible, in order to bring this kind of thing out into the open more than it has been over the past few years in particular.

This thing is growing, Mr. Speaker. I am sure the mounted police know it. I am sure the minister has a good deal of knowledge of what I am referring to. Those are the two points I wished to make: the question of the raising of money and not having the identity exposed, and using a sinister influence to coerce displaced people and others of racial origin other than ours, in order to bring them under an influence which is not conducive to what is best in Canadian citizenship.

I propose to give the minister or some of the officials some details in this connection from time to time. But I urge those two points upon the minister, so that some provision may be made somewhere in order to bring this matter more to the fore than it is at the present moment.

Mr. GEORGE BLACK (Yukon): For the past fifty years, Mr. Speaker, I have had an opportunity of observing at close quarters and associating with the Royal Canadian Mounted Police. When I first knew them, they were not called the Royal Canadian Mounted Police. They were called the Northwest Mounted Police. That was the force which opened up the middle west.

I saw them in the gold rush of 1898. I went through part of Alaska to get into Yukon. In Alaska there was no such thing as law and order. There was murder and robbery, and crime of all kinds was rampant. When you stepped across the boundary into Canada, you were in a different world. There disorder ceased. If a man came into town packing a gun, the mountie would say, "Let me see that gun." He would say, "Old man, I don't think you will need that. You might hurt yourself with it." And the man did not get the gun back. No one in Yukon carried a gun but members of the mounted police, and then only under exceptional circumstances.

I do not think most people understand or realize the variety of duties performed by the mounted police. They are always ready to go to the rescue of anyone in trouble, no matter what danger or exertion is involved.

This bill is all right as far as it goes, but it does not go far enough. This wonderful police force is underpaid, having in mind the value of the services it gives the general public. The pay is out of all proportion to the importance of their duties, and I say we should pay them better. They are not paid as well as those in other branches of the civil service or the public service generally. The work they do and the services they perform entitle them to more pay than the great majority of people in the employ of the government. It is a force to be proud of, the greatest police force in the world, and I am glad that to some extent the minister recognizes that in this bill tonight.

Mr. ILSLEY: Mr. Speaker—

Mr. SPEAKER: If the minister speaks now he will close the debate.

Right Hon. J. L. ILSLEY (Minister of Justice): I have just a few words to say. I know that the many tributes which have been paid to the Royal Canadian Mounted Police have been heard by the commissioner with feelings of gratification, as they have been by myself. During this debate ten or eleven speeches have been made on a wide variety of aspects of the work of the mounted police. Suggestions have been made for amendments to the criminal code, which perhaps were hardly in order in this debate, but all of which will be given respectful consideration by my colleagues and myself.

Some questions have been asked as to the principle and meaning of the bill; but, as I said in my opening remarks, I think those questions can be best answered when we are in committee of the whole. The general nature of the bill is well understood by hon. members, but the details can hardly be advantageously dealt with in a speech on second reading. So, without taking more of the time of the house now, I suggest that second reading be given and that we go into committee for a few minutes, so that we may resume the discussion on another occasion.

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

On section 1—"Member of the force."

Mr. ILSLEY: This section may as well stand. It is late, and I move that progress be reported.

Progress reported.

BUSINESS OF THE HOUSE

Mr. ILSLEY moved the adjournment of the house.

Mr. CHEVRIER: Tomorrow we shall resume the debate on the motion of the Minister of Finance to go into committee of supply, with the amendment moved by the leader of the C.C.F. party. We hope, with the co-operation of hon. members, to be able to dispose of that debate early in the day. If we are successful, then we shall go into supply and call four departments, agriculture, external affairs, trade and commerce, and transport. We shall proceed first with the Department of Agriculture, and then, if we dispose of it, any other items on the order paper.

Motion agreed to and the house adjourned at 10.55 p.m.

HOUSE OF COMMONS

Tuesday, April 27, 1948

The house met at three o'clock.

PRIVILEGE

MR. COLDWELL—REFERENCE TO REMARKS IN DEBATE ON APRIL 23

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I rise to a question of privilege. I find in *Hansard* for Friday last, on page 3301, the following exchange:

Mrs. Strum: Are the insurance companies the government?

Mr. Gardiner: No, they are not; but they have influence in nine provinces.

I was in the house, sir, when this exchange took place. Had I heard the Minister of Agriculture (Mr. Gardiner) say what is recorded in *Hansard* I would have risen immediately on a question of privilege to deny emphatically the assertion that the insurance companies have influence in all nine provinces. I certainly did not hear the minister make any reference to the provinces on Friday evening. The discussion had to do with federal legislation, and I understood the minister to say, "The insurance companies have influence." Whatever was said on Friday evening, and whatever influence the insurance companies may have in other provinces or with the federal government, I think it is apparent that they have no influence on the Saskatchewan government, as is clear from the kind of legislation enacted in my province.

MR. POULIOT—REFERENCE TO REPORTS IN VANCOUVER "NEWS-HERALD" AND WINNIPEG "FREE PRESS"

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, I rise to a question of privilege. I hold in my hand a communist sheet of Vancouver called the Vancouver *News-Herald,* of April 14. It is surprising how intolerant are some protagonists of human rights. They refer to the hon. member for Macleod (Mr. Hansell), the hon. member for Wetaskiwin (Mr. Jaques) and myself, and they say about myself that I am "another in the house's lunatic fringe." We are called the "three crackpots" and the "three 'nut' M.P.'s to smear such a list of distinction" as I read, and they say that the effort "backfired as one of the funniest incidents of the session".

That paper has no official representative in the press gallery, sir, but I understand that this was sent by the nigger in the woodpile, the peevish and rancorous bootblack of the demoted right honourable.

But here is something else. I rise to another question of privilege. This time it is the Winnipeg *Free Press,* whose Ottawa correspondent sent an honest report of what had happened in the house on April 12. The article I am to mention appeared in the *Free Press* the day after, April 13, the day *Hansard* came out. On the 14th one of the editors of this paper wrote this sentence:

After reading Mr. Pouliot's speech in the House of Commons—

He could not have read it because he did not have the *Hansard* in Winnipeg by that time.

—we were almost ready to join the *Montreal Star* in its current crusade to protect liberty by abridging it.

That is what the Winnipeg *Free Press* has done. It goes on:

For if the Quebec member is right, this country is indeed "rotten wth communism", and not only this country but this newspaper.

That newspaper may be, but I never said the country was; I never used that expression. I protest strongly against these pharisees, these hypocrites, men without any sincerity who are ready to protect Tim Buck and all the subversive elements in the country but always have insults for those who abide by the law.

Mr. SPEAKER: I would ask the hon. member to state his question of privilege, if he has one, as briefly as possible.

Mr. POULIOT: Yes, Mr. Speaker. It goes on:

Mr. Pouliot, in his list of communists or communist dupes—

I did not use the expression "communist dupes", although the names of those who appear on the list are dupes. I say it now but I did not say it then. It was not "my" list, but the list that was sent by the Civil Liberties League to the members of parliament who were on the human rights committee. Therefore I say that the editorial staff of the Winnipeg *Free Press* are rotten, malfeasant, and hypocrites.

COMMITTEES OF THE HOUSE

VETERANS AFFAIRS—FOURTH REPORT

Fourth report of the special committee on veterans affairs.—Mr. Mutch.

PRICES—CHANGE IN PERSONNEL

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

That the name of Mr. Kuhl be substituted for that of Mr. Johnston on the special committee on prices.

That the name of Mr. Beaudoin be substituted for that of Mr. Cleaver on the special committee on prices.

Motion agreed to.

"CANADA"

PROPOSED SUBSTITUTION OF "CANADA" FOR "DOMINION OF CANADA" IN ACTS, ORDERS AND REGULATIONS

Mr. BONA ARSENAULT (Bonaventure) moved for leave to introduce Bill No. 213, respecting Canada.

Mr. KNOWLES: Explain.

Mr. ARSENAULT: The purpose of this bill is that whenever in any act of the parliament of Canada, or in any order of the governor in council, or in any regulation passed pursuant thereto, the expression "Dominion of Canada" is used, there shall be substituted therefor the expression "Canada"; and whenever the expression "dominion" is used there shall be substituted therefor the expression "Canada" or "Canadian" as the case may be.

One of the many reasons for this bill is that since Canada has become a sovereign state the word "dominion" as applied to Canada has entirely lost its original meaning.

Motion agreed to and bill read the first time.

PRIVATE BILL

CANADIAN SLOVAK BENEFIT SOCIETY

Mr. D. F. BROWN (Essex West) moved the first reading of Bill No. 210 (from the senate) respecting Canadian Slovak Benefit Society.

Motion agreed to and bill read the first time.

PUBLIC BUILDINGS

INQUIRY AS TO CONSTRUCTION IN FLIN FLON, MANITOBA

On the orders of the day:

Mr. RONALD MOORE (Churchill): I should like to direct a question to the Postmaster General, notice of which has already been sent. Have the postal authorities purchased a site for the construction of either a federal building or a post office in Flin Flon, Manitoba? If the answer is no, do they intend to purchase such a site in the near future?

Hon. ERNEST BERTRAND (Postmaster General): To the first question the answer is no, and to the second the answer is yes.

INCOME TAX

FARMERS—ASSETS AND LIABILITIES, 1946—QUESTION AS TO OBLIGATION TO FILE RETURNS

On the orders of the day:

Mr. G. S. WHITE (Hastings-Peterborough): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. A short time ago the minister announced in the house that it would not be necessary for farmers to complete the net worth statement with respect to the 1947 income tax returns. My question is in regard to the return for 1946. Farmers have received forms for 1946 together with a statement of assets and liabilities, which in many respects is similar to the 1947 net worth statement. Is it necessary for the farmers to file a statement of assets and liabilities along with their return for 1946?

Hon. J. J. McCANN (Minister of National Revenue): Mr. Speaker, while in most cases it may not be necessary, it is very desirable; and in cases where it is specially asked for it is necessary.

Mr. GRAYDON: Does the government intend to provide a bookkeeper for the farmer?

Mr. WHITE (Hastings-Peterborough): May I ask a supplementary question? If the farmer receives a letter from the income tax department with the forms, and there is included the statement of assets and liabilities, is it to be taken that he must fill out the statement of assets and liabilities?

Mr. McCANN: If he is making his return on a cash basis it would not be necessary unless asked for. If it is on an accrual basis the statement of assets and liabilities would be necessary.

Mr. ROSS (Souris): I should like to ask a further question of the minister. On the T-1 prairie farmers 1947 form in the upper left-hand corner on page 1 the following appears:

This return must be filed on or before 30th April, 1948 (whether or not any tax is payable) in order to claim the privilege of averaging income over a three-year period. See guide, page 8.

Is it necessary for the farmer to file a return whether or not he is liable for tax? There is a good deal of confusion in the country over that very point.

Mr. McCANN: It is very desirable that they should file that form whether they are taxable or not, because of the fact that if they want to go on the three-year average basis the filed form for that particular year would be very important and necessary.

Mr. WHITE (Hastings-Peterborough): Did I understand the Minister of National Revenue to say that it was necessary for a farmer to file a return whether or not he was taxable?

Mr. McCANN: I said it was very desirable that he should, particularly if he wanted to go on the three-year average basis.

Mr. WHITE (Hastings-Peterborough): Then it is quite clear that if a person is not taxable there is no legal obligation on his part to file a return?

Mr. McCANN: Quite true.

Mr. CASSELMAN: I thought the minister had just said that it does apply if a request has been made by the department for a return.

Mr. McCANN: No, it does not apply. I read the sections the other day. If he is taxable he puts in a form; whether he is taxable or not, if he is requested to put in a form he must do so.

Mr. GRAYDON: They have all been requested.

Mr. McCANN: I pointed out that it was to his advantage whether he was taxable or not, if he wanted to go on the average basis. Otherwise he could not come along two or three years afterward and put in a form for a previous year.

FREIGHT RATES

REPRESENTATIONS OF SEVEN PROVINCIAL PREMIERS

On the orders of the day:

Mr. P. C. BLACK (Cumberland): I should like to ask the Prime Minister if he would inform the house what representations were made to the government yesterday by the premiers of the seven provinces, and what replies were made by the government. If the government is not able today to inform the house as to their response to these representations, when may we expect a statement?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I would prefer to have the premiers who made their representations yesterday state what these representations were. At the time of the conference I made it quite clear that any of the premiers who had appeared before the government would be at liberty to make public anywhere at any time the representations which they had made to the government. These representations were not presented in the form of a memorial or a written communication. I would not, for that reason, among others, wish myself to state what the representations were. So far as the government is concerned, I gave the assurance in the presence of practically all of my colleagues that the government would take into consideration the representations that had been made. They would have to be, as I have just said, from what we heard orally, and what we have been able on request to secure since that time, in written form.

COARSE GRAINS

ADJUSTMENT PAYMENT IN RESPECT OF PERIOD BETWEEN AUGUST 1, 1947 AND REMOVAL OF CEILING PRICES

On the orders of the day:

Mr. P. E. WRIGHT (Melfort): In the absence of the Minister of Trade and Commerce I should like to direct a question to the Minister of Agriculture. When does the government intend to make an adjustment payment on coarse grains marketed by farmers between August 1, 1947 and the removal of the ceiling prices on coarse grains last fall?

Right Hon. J. G. GARDINER (Minister of Agriculture): That is not a matter which will be finally dealt with by the Department of Agriculture; it will be finally dealt with by the Department of Trade and Commerce. The present position is that only about half of the companies have made their payments and the government is not yet in possession of information as to what the others intend to do. Therefore the matter cannot be considered until they have that information in their hands.

SUPPLY

FREIGHT RATES—INCREASES ORDERED BY TRANSPORT BOARD—AMENDMENT, MR. COLDWELL

The house resumed from Thursday, April 22, consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Coldwell.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, first I should like to express my thanks to the Minister of Agriculture (Mr. Gardiner) for helping to carry over this debate

until the provincial premiers had had an opportunity of being heard in Ottawa. I hope that before the debate closes the Minister of Transport (Mr. Chevrier) will supplement the statement made by the Prime Minister (Mr. Mackenzie King) and hold out more hope to the people of Canada than that contained in the Prime Minister's statement.

In this morning's *Globe and Mail* there is a story from Ottawa, written by Warren Baldwin, to the effect that while in Ottawa the premiers recommended that a royal commission be appointed to investigate the whole question and that pending the royal commission's report the additional rates now in effect be suspended. The royal commission plan involves an investigation of the financial position of both railways, study of the Canadian National capitalization, study of the whole freight rates structure and a re-examination of the evidence and judgment of the board of transport commissioners allowing the present increase.

Also on the front page of the *Globe and Mail* is a story in connection with the seven cents increase for railroad employees being the board's limit. Some criticism has been made of members of this group for urging that no increase in freight rates be granted while representations are being made for increases in wages. In view of the fact that no increase has been granted to railroad employees for a long time—and the increase in the cost of living has affected these employees as it has all citizens—I do not see that there is any argument about it. The railway employees are entitled to an increase in order to cope with rising costs. In my opinion the Canadian Pacific is in position to pay the increased wages asked for, and the taxpayers of Canada should be prepared if necessary to make it possible for the Canadian National Railways to pay the increased wages.

When I was speaking the other evening I mentioned that again and again throughout the judgment of the board of transport commissioners we read that rates may be increased, may be adjusted, and so on. I expressed the fear that in some parts of Canada where there are already excessively high rates the full 21 per cent increase would be authorized, while in other parts of Canada, where the rates are not so high, no increase would be put into effect. I now have information to support my fears.

For example, the producers at Edenwold have had their rates on eggs increased by 57 per cent whereas the producers in the Ottawa area have no increase in the minimum rate. I have received a copy of a letter written by the Western Canada Produce Association to the Express Traffic Association in Montreal outlining their position. They point out that for at least fifteen years public and private organizations have encouraged the farmers to improve their breeding stock and to deliver their eggs to market more quickly. The railways have received greatly increased revenues from the shipment of eggs.

It is noted that the producers in the west are being faced with a serious increase. They give a list of seventeen points in Saskatchewan, such as Caron, Mortlach, Chaplin and so on, at varying distances from Moose Jaw, the mileages ranging all the way from 16·2 to 137·1. I find that the freight rate for a thirty dozen crate of eggs is increased 57·1 per cent for the lowest point and 114·2 per cent for the highest, with an average of 85·7 per cent. For the shipment of smaller crates of twelve and fifteen dozen, the lowest increase is 28·6 per cent, the average is 35·7 per cent and the highest 42·8 per cent.

I submit that it is difficult to build a united Canada when there is such discrimination as is shown against these seventeen points in Saskatchewan. They have had these drastic increases while points in the Ottawa valley continue to pay the old rates.

On a number of occasions I have expressed the opinion in this parliament that as Canada has a large investment in the Hudson Bay railroad and the harbour facilities and elevator at Churchill, it is in the interests of Canadians that this line have a fair break. According to my information this particular railroad does not come within the jurisdiction of the board of transport commissioners and no application was made to have the rates on this line increased. No authorization has actually been given for an increase, but the fact is that freight rates have been increased.

From Regina to Churchill is a distance of 843 miles. The old rate was $2.36 per hundred as compared with the new rate of $2.86. That is broken down as follows: for the 510 miles on the government-owned line south of Churchill the old rate was $1.43, while the rate on the Canadian National line was 96 cents for a distance of 333 miles. On the new basis the rate on the portion on the Hudson Bay railway is being increased from $1.43 to $1.73, and on the Canadian National portion from 93 cents to $1.13. I do not think there is any argument to be advanced with regard to the increase on the portion from Regina to The Pas, but I do not think there is any justification for the increase of rates on the portion from The Pas to Churchill. As I said, this portion of the railway was not covered in the

application, and no one has any jurisdiction to decide that there should be this increase.

I want to point out that these increases will wipe out any advantage there might have been for Manitoba or Alberta in using the Churchill facilities. It is true that for Saskatchewan it will still be to our advantage to use the Churchill route during the summer months. From Regina to Churchill the first-class rate on the Churchill route will be $2.86 a hundred pounds as compared with $3.93 via Montreal, lake and rail. From Winnipeg to Churchill the rate is $3.60 as compared with $2.83 to Montreal, lake and rail; from Edmonton to Churchill, the rate will be $3.58; whereas from Edmonton to Vancouver the rate will be $3.01. It will still be cheaper to ship from Edmonton to Churchill than from Edmonton to Montreal, but it will be much cheaper to ship from Edmonton to Vancouver.

In view of the special concessions which have been given to Halifax, Montreal and Vancouver, I think it is not unreasonable to ask during this trial period that the government refrain from making it impossible to give this route a fair chance.

In connection with incoming goods, chinaware, for example, the mileage from Regina to Churchill is 845, and the rate is $1.97. From Regina to Montreal the mileage is 1,707, and the rate is only $2.98. From Regina to Halifax the mileage is 2,367, and to Saint John 2,131; the rate is $3.19. If Regina were to enjoy a rail freight rate comparable with the rate to Montreal, Halifax, or Saint John, our importers would be paying the $1.14 rate instead of $1.97. Therefore, Mr. Speaker, I want to urge that, before this debate closes the minister assure parliament that he will review this illegal imposition of increased freight rates on the Hudson Bay railway, which is wholly owned by Canada, does not come under the jurisdiction of the board of transport commissioners, and therefore was not up for consideration when the hearings were being held.

As I mentioned before, the Saskatchewan government prepared a great deal of evidence. I think it cannot be disputed that most fair-minded men would agree that no action should have been taken by the government until this case had been studied and the necessary adjustments made. On page 105 of the compilation of the Saskatchewan government's argument before the board is found the following submission:

> The province of Saskatchewan submits that, under such circumstances the railway deficit thus hypothetically assumed should, in the national interest and in order that further regional injustices may be avoided, be financed through a national subsidy rather than by an increase in freight rates. It is further submitted that in the first instance the national subsidy should take the form of a conditional loan. If a railway crisis exists or develops it may be only temporary in nature. A conditional loan, repayable when the situation becomes normal, and with strict supervision during its currency, would seem to meet the circumstances in a reasonable way.

In supporting the Saskatchewan argument, Mr. M. A. MacPherson, the government counsel, made a careful analysis of the financial position of the Canadian Pacific Railway. He argued that the activities of the railway in land, in the Consolidated Mining and Smelting Company of Canada, in hotels and steamships, should be taken into account in deciding whether the railway was facing bankruptcy or not. Mr. MacPherson asked Mr. Walker, one of the vice-presidents, the following questions regarding Consolidated Mining and Smelting, a subsidiary of the C.P.R., and received the following answers:

> Q. I put it to you that the book value of that stock today is $32,000,000? A. You may or may not be right. I would not contradict you.
>
> Q. I put it to you that the market value of that stock today is $148,000,000? A. You may or may not be right again. I would not contradict you, because I do not know.
>
> Q. If I am right, the book value is $32,000,000 and the market value is $148,000,000, but you are only carrying it in your annual report as an asset of $8,412,000? A. Well, again the accountants will have to justify that.
>
> Q. The return speaks for itself, Mr. Walker?

Then as to the whole financial position, Mr. Walker said, in reply to the following questions:

> Q. So we now have you saying that your credit is impaired, yet your funded debt has been cut down from $228,000,000 to $83,000,000 in six years, your reserves have been built up from $91,000,000 to $350,000,000, you are paying less for your money than you have ever paid in the history of the company, and you are rid of all your high interest-bearing securities; this is right?
>
> A. I will have to answer the questions in pieces, I am afraid, because it is many-barrelled.
>
> Later: A. That is largely a matter of bookkeeping, the transfer of items from one side of the ledger to the other,—

And so on and so forth. The argument all the way through, I think, convinces most people that the Canadian Pacific even a year ago, when their financial statements were being examined, were in a strong position. But since that time we have had the report of the 1947 operations, and it is clear that there was no justification for the pessimistic view the C.P.R. took. The company were able to pay all the increased costs they have had in connection with their operations. They were able to pay their income taxes to the federal government. They were able to have available for distribution to their shareholders something over

$16,000,000. Really the company are asking for this increase of 21 per cent so that they will be able to build up a much larger surplus.

In view of the fact that the people in all parts of Canada will be affected by this legislation, I think the representations made by the provincial premiers were not unreasonable. They asked that a royal commission be appointed and that in the meantime we wipe out the 21 per cent increase that has been authorized. If the Canadian National and the Canadian Pacific cannot meet their legitimate commitments, I am sure that members in all parts of this house will be prepared to vote necessary subsidies at the proper time.

Before concluding I should like to remind the house that we have had a most unusual procedure in connection with this whole question. Although months were spent in studying the matter, the findings of the board of transport commissioners were not brought down until March 30, 1948. Most hon. members at that time were away from Ottawa visiting their constituencies. I was on my way back when I read of the finding. At the earliest opportunity—on April 5—parliament had this matter brought before it by the hon. member for Rosetown-Biggar (Mr. Coldwell). Again on April 7, when it was clear that the government was not prepared to delay in one detail, the present amendment was placed before parliament.

I should like to remind the house that section 330 of the Railway Act sets out certain regulations which must be observed when these tariffs are up for revision. Subsection 2 of that section reads:

> Upon any such tariff being filed and approved by the board the company shall publish the same, with a notice of such approval in such form as the board directs, in at least two consecutive weekly issues of the *Canada Gazette*.

I should like the minister to tell the house whether these new tariffs were published for two weeks.

Mr. CHEVRIER: If I may interrupt the hon. gentleman, I would say the section does not apply to the order issued by the board.

Mr. COLDWELL: Why not? It is statutory.

Mr. CHEVRIER: Because the order of the board is not only a standard freight rates specification as set out in section 330. If it is, as my hon. friend states, then the order of the board is illegal and the shipper would not have to pay the rates. Let it be tested in the courts; but the counsel of the board of transport commissioners informed me that this section has not been violated.

[Mr. Nicholson.]

Mr. NICHOLSON: Again I think I shall have to ask some of my legal friends to come to my assistance, because I do not believe any board has authority to set aside acts of parliament. I shall be surprised if some of the larger shippers do not do as the minister suggests.

Mr. CHEVRIER: They have not set aside any act of parliament, or any section. The section is there, and it has not been contravened.

Mr. NICHOLSON: If I understand the English language, this section clearly states what is to be the procedure when new tariffs are introduced. Subsection 4 says:

> Until the provisions of this section have been complied with, no toll shall be charged by the company.

Then section 31 deals with special freight tariffs:

> Special freight tariffs shall be filed by the company with the board, and every such tariff shall specify the date of the issue thereof and the date on which it is intended to take effect...
>
> 3. When any such special freight tariff advances any toll previously authorized to be charged under this act, the company shall in like manner file and publish such tariff thirty days previously to the date on which such tariff is intended to take effect; provided that where objection to any such tariff is filed with the board, the burden of proof justifying the proposed advances shall be upon the company filing said tariff.

I think that type of legislation is reasonable, Mr. Speaker. These companies are public carriers. They not only serve the people in the Montreal, Ottawa and Toronto area; they serve the people of Lintlaw, Hazel Dell and Arran; and the shippers there are entitled to at least thirty days' notice before the rates are changed. They may wish to move their goods by truck, or to make other arrangements; and I do not think the board of transport commissioners or the government should ask parliament to approve changes made so hastily. The decision was reached on March 30. The matter was brought before parliament on April 5, and though representations were made by members of all parties, including their own, particularly by the hon. member for Fraser Valley (Mr. Cruickshank), the hon. member for New Westminster (Mr. Reid) and the hon. member for Halifax (Mr. Isnor), two days later the minister rose and said the matter had been considered, that no changes were to be made, but that the new rates were to go into effect immediately. I shall be surprised therefore if the government does not change its mind, if some of the

firms that are able to engage competent legal advisers do not make a test case of this. The result might be embarrassing to the companies involved, and certainly to the government.

I urge upon the hon. member for Fraser Valley, the hon. member for Vancouver North (Mr. Sinclair) and all the other members from British Columbia and the maritimes on the other side of the house to stand up with us and register this last protest at the failure of the government to meet the requests of seven provinces.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, there may be discriminaiton in freight rates. It is possible; but I do not see what a royal commission could do better than the transport board. That board is supposed to do its work properly. The other day the minister spoke plainly about it; he said the transport board would have to consider any discrimination that may exist with respect to freight rates. That is pure horse sense, pure common sense; the transport board is supposed to do some work. If that work is not done properly, or if it is not completed, let them start again; then if they cannot do it, let us fire them. That is an honest view of the whole thing.

The transport board should read the speeches that have been made in this house, especially the one by my good friend who preceded me (Mr. Nicholson). The transport board should read what has been said here with respect to discrimination, and they would do much better than any royal commission. If we have a royal commission it will take a year or so, it will cost a million dollars and will do nothing. How is it my friends of the C.C.F. party are always so ready to defend public servants, yet when there is work to be done by a public servant they say, "Let us have a royal commission"? There should be no royal commission unless it be for the investigation of scandals or something of the kind. The purpose of this board is to inform the government. It is not for us to look into matters of discrimination except when they are mentioned to us by our constituents. I had some discriminations in my constituency, and I complained to the board in due course. I do not pretend that the freight rates are perfect; far from it, but I say the transport commission should have taken the trouble to find out what those discriminations were, without being told each time.

Now, sir, this is the time to vote. We have heard a lot about freight rates from every section of the country, and we cannot learn any more than we have been told already by hon. members. We are saturated with this discussion about freight rates. It is not that I do not believe they are important; I think they are important, but the issue is not freight rates. The issue is a vote of confidence in the government. If this house has confidence in the government we will have the support of the majority of the house. If the house has no confidence the government will be voted down.

Now that we have reached this stage I should like to express my confidence in the Minister of Transport (Mr. Chevrier) and to tell you, Mr. Speaker, that I hope the vote will be taken very soon. The provincial premiers have the right to make representations, but I do not see why they are suggesting a royal commission. It is an insult to the transport board and to the intelligence of the members of the House of Commons. A judge would know no more than the transport commissioners are supposed to know. If they do their work properly, most of the difficulties will be ironed out and we shall have a satisfactory compromise concerning freight rates. Therefore I rely upon the wisdom of the house to have a vote taken right now, or just as soon as possible.

The house divided on the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Archibald
Argue
Ashby
Bentley
Black (Cumberland)
Blackmore
Blair
Boucher
Bowerman
Bracken
Bradshaw
Brooks
Bryce
Burton
Campbell
Caouette
Cardiff
Casselman
Church
Cockeram
Coldwell
Desmond
Diefenbaker
Drope
Fair
Fulton
Gillis
Graydon
Green
Hackett
Hansell
Harkness
Harris (Danforth)
Hatfield
Hazen
Henderson
Hlynka
Irvine
Jaenicke
Kidd
Knight
Knowles
Lennard
Lockhart
Low
McCuaig
McCullough (Assiniboia)
Macdonnell (Muskoka-Ontario)
McGregor
MacInnis
McKay
McLure
MacNicol
Manross
Marshall
Massey
Matthews (Kootenay East)
Menary
Merritt
Moore
Nicholson

Pearkes	Thatcher
Probe	Timmins
Quelch	Townley-Smith
Ross (Souris)	Tustin
Shaw	Webb
Stanfield	White (Hastings-Peterborough)
Stephenson	Wright
Stokes	Zaplitny—78.
Strum, Mrs.	

NAYS

Messrs:

Abbott	Harris (Grey-Bruce)
Arsenault	Hartt
Beaudry	Héon
Belzile	Hodgson
Benidickson	Ilsley
Bertrand (Laurier)	Isnor
Bertrand (Prescott)	Jutras
Bertrand (Terrebonne)	King, Mackenzie
Black (Chateauguay-Huntingdon)	Kirk
Blanchette	Lafontaine
Bourget	Lalonde
Bradette	Lapalme
Breithaupt	Lapointe
Brown	Laurendeau
Brunelle	Leger
Chevrier	Lesage
Clark	McCann
Claxton	McCulloch (Pictou)
Cloutier	Macdonald (Brantford City)
Coté (Matapedia-Matane)	McGarry
Coté (St. Johns-Iberville-Napierville)	McIlraith
Coté (Verdun)	McIvor
Cournoyer	MacLean
Croll	MacNaught
Cruickshank	Maloney
Dechene	Marier
Denis	Marquis
Dickey	Martin
Dion (Lake St. John-Roberval)	Matthews (Brandon)
Dionne (Beauce)	Maybank
Dorion	Mayhew
Douglas	Michaud
Dubois	Mitchell
Emmerson	Mullins
Eudes	Mutch
Farquhar	Nixon
Fournier (Hull)	Parent
Fournier (Maisonneuve-Rosemont)	Picard
Gagnon	Pinard
Gardiner	Pouliot
Gauthier (Nipissing)	Power
Gauthier (Portneuf)	Raymond (Wright)
Gibson (Comox-Alberni)	Richard (Gloucester)
Gibson (Hamilton West)	Richard (Ottawa East)
Gingues	Rinfret
Gladstone	Ross (Hamilton East)
Golding	St. Laurent
Gour (Russell)	Sinclair
Gourd (Chapleau)	Sinnott
Grant	Smith (York North)
Gregg	Tremblay
Hallé	Viau
Hamel	Warren
	Weir
	Whitman
	Winkler
	Winters—110.

[Mr. Pouliot.]

(Translation):

Mr. BONNIER: Mr. Speaker, I was paired with the hon. member for Bruce (Mr. Robinson). Had I voted, I would have voted against the amendment.

(Text):

Mr. STUART (Charlotte): I was paired with the hon. member for Lambton West (Mr. Murphy). Had I voted I would have voted against the amendment.

Mr. LITTLE: I was paired. Had I voted I would have voted against the amendment.

Mr. HERRIDGE: I was paired with the hon. member for Quebec-Montmorency (Mr. LaCroix). Had I voted I would have voted for the amendment.

Mr. BLACK (Yukon): I was paired with the Minister of Trade and Commerce (Mr. Howe). Had I voted I would have voted for the amendment.

Mr. BEAUDOIN: I was paired. Had I voted I would have voted against the amendment.

Mr. SPEAKER: Is the house ready for the question?

GOVERNMENT ANNUITIES—REDUCTION IN INTEREST RATE USED IN COMPUTING PURCHASE PRICE

Mr. STANLEY KNOWLES (Winnipeg North Centre): Before Your Honour leaves the chair there is another matter about which I should like to speak at this time, exercising the ancient right of a private member to air grievances before the house goes into committee of supply. This is indeed the first opportunity that I have had to discuss this matter since it was precipitated by the action of the government in the tabling of certain orders in council by the Minister of Labour (Mr. Mitchell) on April 19. The matter referred to in these orders in council, and about which I wish to speak, is the action of the government in making certain changes by order in council with reference to government annuities.

As everyone knows, the action taken by the government was, in the main, to change the rate of interest on the basis of which the annuity tables are calculated. The rate was changed from four per cent to three per cent. The result of that change, along with other changes made at the same time, is that Canadian government annuities as from April 19, 1948, cost more to Canadians who wish to purchase them. In my view, Mr. Speaker, this action of the government is a blow at social security which is hard to understand at this stage of our national development.

Despite the differences that might obtain amongst the various parties in this house as to ways and means of achieving social security, there is general agreement that we should move in that direction. There is also general agreement that a plan of old age security involving contributions by citizens themselves, by employers in certain cases, and by the government is all to the good. Therefore I say it is hard to understand the government, at this stage of our national development, when the people of Canada are calling for better old age security, taking this action which has the effect of striking a blow at one very good plan that has been on our statute book since 1908.

The effect of this decision by the government is best seen when one considers the group plans that are taken out, by arrangement with Canadian government annuities, by employers on behalf of their employees. Most people imagine that government annuities are mainly taken by individuals. The fact is that there are more individual contracts than there are group certificates thus far, but the number of individuals included in group contracts has been increasing very rapidly during recent years. As at March 31, 1947, there were in existence 194,623 contracts. Of these, 108,625 were held by individuals by direct arrangement with the annuities branch; 85,998 were held by individuals through the medium of group plans taken out by employers on behalf of their employees.

With reference to the number of individuals in group plans, may I point out that in 1945, 9,313 individuals were enrolled in group plans. In 1946 the number enrolled in group plans was 17,355; in 1947 it was 30,411. In other words, despite the fact that very little publicity was given to this excellent plan, its use has been greatly increased in recent years, and all the evidence seems to suggest that still greater use was being made of it in recent months, and still greater use was in store as time went on. But the action of the government in reducing the interest rate, or increasing the cost of these annuities, will have not only the effect of discouraging individuals from taking out government annuities but will definitely discourage employers—companies and corporations, large or small—from interesting themselves in what is no longer an attractive plan.

When you look at the group arrangement to which I am referring at the moment you realize immediately that it is a three-way contribution plan. The employee makes a contribution; his employer makes a contribution, and thus far the government has been making a contribution. That contribution has been in two parts. On the one hand, the government has paid the administrative cost of the plan, and on the other hand, by computing the value of annuities on a four per cent interest basis, which is a little higher than the normal interest rate on government bonds, the government has in fact been making a cash contribution to the fund itself.

I suggest, Mr. Speaker, that if any member went out on the street and asked any ordinary citizen of Canada what would be the best kind of old age security plan, in most cases the answer would be: Let us have a three-way contribution—contributions from employee, employer and the government. That is what we have had in this very plan. But the effect of the government's action is to take away the contribution that was being made to the scheme by the government. It is true that the government will still pay the cost of administering the plan, and it is also true that it will still pay what is involved in computing the value of the annuity at three per cent; but, after all, that is not paying anything to the annuitants. That is simply paying the going rate of interest on borrowed money.

Not only does it have the effect to which I have just referred of striking a blow at the one kind of plan which everybody supports, but it also sets up discrimination between different employees working for the same firm. I will not mention the name of the company, but the bread man who calls at our home in Winnipeg has told me about his company being in this plan. He has an individual contract within a group plan. His contract, of course, was issued prior to April 19, and therefore he gets the advantages of the old rate; but a new employee of the same bread company who may be delivering bread over on the next street next week will have to have his pension with that company computed on the basis of a new rate; he will have to pay more for the same rate of pension. It is perfectly true that contracts that were in effect prior to April 19 suffer no change, but individual contracts that are written after April 19, or the contracts of employees in groups, where the individual enters even an established plan after April 19, must come under the new rate; and so I point out that discrimination between employees working for the same firm will result from this decision.

There has been considerable reference to this in the newspapers, both before and after the event. Papers like the Toronto *Star,* for example—I will not take time to read the quotation—have pointed out that by this

action companies are already being discouraged from going ahead with plans they had in view. I would point out that what this means is not that annuities of this description will be written by the insurance companies; it means that they will not be written at all. What I have said about group plans points up the issue in terms of the over-all picture, because, as I say, the whole country is looking toward a three-way contributory scheme.

It is also true with respect to individuals who have suffered a sad blow in their aim of achieving social security. I think of the large number of self-employed persons, of professional men—even members of parliament—who have no pension scheme which can be carried on on a three-way basis. Prior to April 19 they at least had a chance of entering into a two-way plan that was really worthwhile.

I hold in my hand just about the only piece of advertising that was circulated by the annuities branch prior to April 19. It is an attractive booklet headed, "Canadian government annuities," and below that appears a picture of the parliament building. Then underneath is the caption, "Backed by the whole resources of the dominion." On page 3 there are the following two paragraphs:

> If you are a young man or woman this little booklet carries to you a wonderful opportunity to secure comfort and independence in your old age. Read every word of it. Bear in mind that, if you would have an old age free from want or dependence, you must save and invest wisely in your youth.
>
> If you are an older man or woman with limited capital, and your earning days are over, this booklet carries a message of comfort and cheer. It tells how you can invest your capital in a way which will give you a safe, steady and dependable income for the rest of your life—an income guaranteed by the entire Dominion of Canada.

If this was not the last copy of the book that I possess I would tear it up right here, because that is what the government has done with this most attractive plan.

The argument is sometimes advanced that the change to which I refer had to be made to put the annuities fund in a proper actuarial position. It was said that it was not proper for the government to pay what amounted to four per cent on the money paid in by annuitants when it could borrow money in the open market or on government bonds at three per cent.

I submit that that argument misses the whole point and purpose of Canadian government annuities. This was not something actuarially unsound; it was—and deliberately so—a straight government contribution in the interests of old age security. Everyone knows the way it worked. The payments that were made went into the consolidated revenue fund, and when an annuity was paid it was paid out of the consolidated revenue fund. At the present time the amounts being paid in are greatly in excess of the amounts being drawn out; the only separateness about this is in terms of bookkeeping.

Let me remind the house and the government that the purpose of government annuities was set out in the preamble to the original bill, which was passed in 1908—for back in those days bills had preambles to indicate their purpose. This is chapter 5 of the statutes of Canada for 1908, being 7-8 Edward VII. The preamble reads:

> Whereas it is in the public interest that habits of thrift be promoted and that the people of Canada be encouraged and aided thereto so that provision may be made for old age; and whereas it is expedient that further facilities be afforded for the attainment of the said objects: Therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows—

Then follows the act itself.

The purpose was to encourage thrift and the making of provision for old age. Part of the purpose was to provide facilities to make that possible. The providing of facilities did not mean just the employment of a bookkeeper; it meant the providing of the necessary contributions to set up an attractive plan. I hope hon. members will pardon my making a somewhat personal reference, but in studying the origins of this act I confess that I ran across something that interested me in a personal way. I found that the second reading of the bill was moved, the debate thereon took place, the bill was considered in committee and reported all on June 18, 1908. That was the very day on which I was born. Little did I realize when I was howling in my crib that forty years later I would be howling in defence of an act passed in this house that very day.

The bill was piloted through the house by Mr. Fielding, minister of finance in the government of Sir Wilfrid Laurier. This was just a few months before the present Prime Minister (Mr. Mackenzie King) was first elected to the house. Mr. Fielding pointed out at that time that in the bill presented to parliament there was a small element of government subsidy or government assistance. Even in those days there were a few members who hoped that the bill was not going to provide competition for the insurance companies. Mr. Fielding answered that while they were not paying very much by way of subsidy, to the extent that they were paying four per cent on the money invested rather than three per cent, there would be that

element of government assistance toward achieving the objectives set out in the preamble which I have just read.

Mr. GIBSON (Comox-Alberni): What was the general rate of interest paid by the government at that time?

Mr. KNOWLES: I am sorry I cannot answer that. However, Mr. Fielding said, according to the *Hansard* I have in my hand, that the government was planning to pay four per cent, and that this would be about one per cent more than they would have to pay for other money. He stated that that one per cent would be an element of government subsidy in addition to the cost of administration. I have no doubt that there have been ups and downs in interest rates in the meantime, but the general picture in the year 1908 was much the same as it is now.

Mr. ISNOR: There is the same difference today.

Mr. KNOWLES: It seems to be just about the same.

Mr. ISNOR: That is, with the change.

Mr. KNOWLES: The change made on April 19 was from four per cent to three per cent.

Mr. ISNOR: With the change there would still be just about the same difference as today.

Mr. COLDWELL: The same difference as before April 19.

Mr. MITCHELL: The relative contribution of the state is the same today as when my hon. friend was howling in his crib.

Mr. COLDWELL: You have increased the premium by 25 per cent or more.

Mr. KNOWLES: When the Minister of Labour (Mr. Mitchell) defended this action the other day he referred to the rate that the government paid on Dominion of Canada bonds, namely, three per cent, and said that the effect of this order in council was to put government annuities on a parallel basis with Dominion of Canada bonds. I submit that that argument does not hold at all, that you are dealing with two different things. If this government were selling bonds which could not be redeemed except in small amounts in later years or at death they would not be able to sell them at a three per cent interest rate. That is what you have with an annuity. An annuity is not something with an immediate cash surrender value; it is to make provision for old age and is on an entirely different basis. As I say, if bonds were on that basis you would not be able to sell them at three per cent.

One other argument which is frequently made is that the rate that was paid involved a subsidy. It is strange how many there are in the house who, whenever a subsidy is offered with which they do not agree, get up and argue against the general principle of paying subsidies at all, and yet in some cases readily agree to a subsidy payment. In this connection may I read a paragraph, commenting on the action of the government—not on the action of the house, Mr. Speaker—from the Toronto *Daily Star* of April 20? This, I may say, was on the financial page and was written by the financial editor:

> Business is very apt today at criticizing government subsidies to the people. The fact remains, however, that business itself is not adverse to soliciting government help in reaching an objective it considers desirable. The subsidy to gold mines is but one of many instances where this principle applies.
>
> Another is the government guarantee of loans made by insurance companies under the National Housing Act. To encourage home construction, a desirable social objective, the government assumes the risk for the entire loan although the insurance companies nevertheless receive a five per cent return on the money they advance.

I contend that those who argue against government annuities on the old basis by saying that they involved a subsidy, are not putting up an effective argument at all. Our economy is full of the paying of subsidies of all kinds, and I suggest there is no worthier objective for the paying of subsidies than that of providing old age security.

It strikes me as strange that this action of the government in reducing the value of government annuities, thus striking a blow at this form of security, should come at a time when so much use was being made of this plan. I have already given some figures with respect to individuals in group plans. May I give a few more figures and show that in recent years this was becoming a very popular arrangement. First of all, may I say that back in 1925 the total number of contracts taken out—now I am giving total figures, both individual and group—was only 486; in 1930 it was 1,257; in 1935, 3,930; in 1940, 9,014; in 1945, 15,796; in 1946, 25,538, and in 1947, 43,585. Those figures, I may say, are in each case for the year ended March 31 of the year indicated. The last figure I was able to get was for the year ended March 31, 1947. I do not know how many were taken out in the year ended March 31, 1948. But it seems strange that just when it is getting popular, just when the people of Canada are realizing

what a good thing this is, the government strikes the blow it has struck.

May I read a word or two from Mr. Fielding back on the day to which I referred, June 18, 1908, when he said this, as reported at column 10851 of *Hansard* for that year:

> The mere fact that a thing is good in itself does not mean that it will be taken up by the public. Even the best things of life have to be recommended. Although I believe this to be an excellent scheme, founded on sound principles and calculated to do much good, I do not anticipate that the public will rush after it unless somebody takes pains to explain its merits and advantages.

Mr. Fielding went on to indicate that the Post Office Department or perhaps some other branch of the government would do its best along that line, but to me the tragedy is that Mr. Fielding's admonition has not been acted upon. There has not been what could really be called an attempt to sell government annuities to the people of Canada. But despite that fact, its popularity has grown in recent years; and just now when it has become immensely popular the plan is literally scuttled. I know that the minister—

Mr. ISNOR: Would the hon. member say that was because of public ownership?

Mr. COLDWELL: Oh, well—

Mr. KNOWLES: I am afraid I do not see the connection. I wonder if the hon. member sees the connection between my remarks and what he has asked?

Mr. ISNOR: Certainly. The fact that there has not been the development of this scheme as compared with insurance under private enterprise clearly shows which is the better.

Mr. KNOWLES: There has been no development of a comparable plan under private enterprise at all. That has been the complaint that private enterprise has been making—that this was something they could not match. I know the Minister of Labour does not like the comments that have been made in some newspapers as to the information the insurance companies seem to have had about this change, and the representations they are reported to have made. But it is difficult for the minister to explain away the fact that there were these stories and comments in the newspapers for some days, if not some weeks, before he made the announcement in this house. I have had the experience that I suppose other members have had. A friend of mine who is in the life insurance business told me—as a matter of fact, just a day or two before I asked my question in this house—that he had heard that the rate was being changed from four to three per cent and that there would be consequent changes in the tables. He had, therefore, taken out an annuity. He is a life insurance salesman with whom I have had many arguments from time to time, telling him that he should be taking out a government annuity instead; he was always on the other side of the fence until he learned that the rate was to be changed, whereupon he immediately took out a government annuity.

As I say, many newspapers in the country ran these reports, and they were strangely accurate. The reports indicated that the rate would be reduced from four to three per cent. They indicated it was a change which was coming soon. I saw one report somewhere which suggested that the matter of annuities was to be transferred from the Minister of Labour to the Minister of National Health and Welfare. If that was correct, it has not happened yet. But I must say, Mr. Speaker, that it is hard to take—to stand up in this house as a member of parliament and ask a question about this matter a few days before the announcement is made, to be brushed off by the kind of smart answer which the Minister of Labour gave me on April 15, as reported at page 2976 of *Hansard,* and then to discover that the insurance companies apparently knew all the time what was going on. But despite the campaign the insurance companies have carried out through the years against government annuities, the fact of the matter is that even some private-enterprise organizations are disappointed and discouraged by the change that has been made. I will not take up the time to go into it, but I know of many private firms that had counted on developing employee pension plans under this scheme who now realize that it cannot be done.

I wish also to say a word or two about the actual changes in rates that have taken place. I hold in my hand a copy of the new annuity tables. I do not know when it was printed, but the effective date was stamped in afterwards; therefore it must have been ready in advance. I also have a copy of the tables as they stood before, and I intend to make a few comparisons.

For example, under the old plan, an immediate annuity of $100 at age sixty for a male cost $1,163. It now costs $1,355, an increase of 16 per cent. Similarly, an immediate $100 annuity at age sixty for a female used to cost $1,327; it now costs $1,550, also an increase of 16 per cent. An immediate

annuity, guaranteed for ten years, for a male at age sixty used to cost $1,247; it now costs $1,431, an increase of 15 per cent.

Mr. MacNICOL: That is an annuity of how much?

Mr. KNOWLES: I am sorry; an annuity of $100 a year in all the cases I am giving. For other amounts you multiply accordingly. An immediate annuity of $100 a year for a female at age sixty used to cost $1,379; it now costs $1,598, an increase of 16 per cent.

Mr. MITCHELL: I think my hon. friend will readily admit that life expectancy has increased, and that has some bearing on the figures he is quoting. Of course he may object to people living longer.

Mr. COLDWELL: Oh, you know better than that.

Mr. KNOWLES: I am glad to see the minister is following me. I have a note about that, and I am coming to it in a few minutes.

Now let me turn to deferred life annuities. First I will take the instance of a male aged thirty purchasing an annuity of $100 to commence at sixty-five guaranteed for ten years. It used to cost $15.06 a year; it now costs $20.50 a year, an increase of 36 per cent. A female aged twenty buying a $100 annuity to commence at age sixty, guaranteed for ten years, used to have to pay $14.37 a year. Now it is $20.64, an increase of 43 per cent. I might go on and give other figures, but they run in these general brackets. In the immediate annuities there is an increase of 15 or 16 per cent, while in the deferred annuities the increase runs from 36 to about 44 per cent.

These rate changes are due in part, as I have said already, to the withdrawal of the contribution by the government to this two or three way scheme, which is what results from the reduction of the rate from four per cent to three per cent. The rate changes result as well from a change in mortality tables, this also being done by order in council. These tables are worked out by actuaries, and the government decided to use a certain table, namely the mortality of annuitants, 1900 to 1920, published by the institute of actuaries in Scotland, known as—well, there is a long list of letters here—with an arbitrary reduction of three years in the age. In other words the government has conformed to the general pattern of the insurance companies, and the fact of the matter is that insurance companies have to set their actuarial rates to include their extra costs and profits, which are not necessary in the case of the government scheme. Therefore the point the minister interjected a moment ago is also one about which I complain. I do not complain about people living longer, as he says, but I do complain as to the basis upon which the actuarial change has been made.

Not only have there been these changes in rates and tables; there have also been changes in the regulations. For example, one of the outstanding features about government annuities thus far has been the right of purchasers to pay odd amounts and at odd times. I have in my hand my own little pass book—having started to purchase an annuity some time ago so that this contract is not affected by the change—and in it I note that payments of twenty-five cents and upwards will be received from any annuitant. It is well known that under the old plan you could make such payments of odd amounts at any time and at any post office in Canada. Now a change has been made, which is set out in this document; which reads as follows:

> New contracts will not permit deposits of odd amounts at odd times. Purchasers will be expected to follow the prescribed schedule of premium payments. Provision will be made for the payment of arrears within reasonable limits, and the prepayment of premiums will be allowed by special arrangement.

I have no doubt there have been abuses of that generous privilege under the old contracts, but it seems to me the attempt to correct abuses has led the government too far the other way, and has turned what was a simple, attractive plan into something that will require the purchaser to meet his payments regularly and will frighten many people away from taking it on lest it become a commitment they might not be able to keep up. The regulation to which I have just referred suggests that the government annuities branch may accept payments in arrears, but under conditions we do not yet know. In other words the whole thing is being hamstrung and changed from an attractive, simple, popular plan into something that just will not appeal to people at all.

Here is where I think my private enterprise friends should listen. This does not mean that annuities of this kind will now be sold by the insurance companies. Everyone knows the insurance companies could not possibly meet these terms. What it means, however, is that this sort of thing will not be done at all, and that we shall have had a set-back in our hopes of developing a reasonable plan for social security.

I am afraid my time is just about up, and I had better come to a conclusion. I have had a great many representations about this matter since the tabling of the order in council on April 19. I have had resolutions

from labour bodies, in one case a copy of a resolution which was also forwarded to the minister, indicating their opposition. The other day I also received an interesting resolution from St. Jude's Anglican church in Winnipeg, part of which I should like to read:

Resolved, that the congregation and vestry of the parish of St. Jude's Anglican church, Winnipeg, make representations to His Grace the Archbishop of Rupertsland and to the general synod of the diocese of Rupertsland requesting that the general synod and his grace the archbishop instigate through the various channels open to them, a campaign or crusade, on a national basis, for the immediate reform of the Old Age Pension Act and the establishment of a contributory old age security fund. And, that until such reforms have been made and such a contributory fund established, that the federal and provincial governments make immediate provision for:

1. The increase of pensions . . .

And other matters. The thing that struck me was to read that such a body of people as this—and I think they have the sense of the country at large—feel that the time has come for a campaign or crusade for greater old age security; and just at that time, while we still have as leader of the government a prime minister who back in 1919 took a strong stand for insurance against unemployment, sickness and old age, we have this government scuttling such a good piece of legislation, which as I say, was put on the statute book under Sir Wilfrid Laurier's government and piloted through this house by Mr. Fielding back in 1908.

I do hope others will support me in the representations I have made, and that the government will yet realize the folly of their ways in this and other matters; that it was a mistake to pay any attention, no matter in what way they did it, to the opinions or representations of insurance companies. I hope the government will realize that the people of Canada want this government annuities act put back as it was before, and indeed built upon to give them something better.

I have just one other word before I sit down. I recognize that the original act as passed in 1908, and as it still stands, gave the government power to make this change by order in council; but I submit that morally they did not have that right. Knowing the interest of parliament in this matter, which has been discussed on the floor of this house for the last two or three sessions, I say they should not have taken this action without first giving parliament a chance to say something about it. Not having done so, I hope when they hear the voice of parliament they will change their minds and restore the implementation of this act to its basis prior to April 19.

[Mr. Knowles.]

Mr. JOHN R. MacNICOL (Davenport): Mr. Speaker, I rise to lend some support to the representations made by the hon. member for Winnipeg North Centre (Mr. Knowles). For a good many years I have been a strong supporter of the government annuities plan, and I have had considerable to do with inducing folk I have known to invest in the government annuities program. I shall be sorry indeed if the proposal which has been mentioned will retard that plan or hinder in any way the ordinary working man from investing in this goverment annuities program.

Just today one of the most prominent labour leaders called upon me. He seemed to have some knowledge of what was to be introduced; in fact he spoke to me some few days ago about it. At that time I did not know anything about the proposal. I had not thought the government would interfere with a program which had been so successful. However, this man came to me today and told me that this proposal was to be introduced. I strongly urge that the government give serious consideration before it takes action in the matter. It should consider the effect such a procedure would have on the average member of the working class.

Just a few years ago a gentleman who had been a bachelor all his life, and who had worked in a woodworking shop in Toronto but who had never had steady employment all the year around, came to see me. This man had been thrifty and had saved the odd dollar here and there. Fortunately for him his uncle died and left him $6,500. This man was at that time sixty-four years of age. He said to me, "This $6,500 is more than I had ever dreamed was in the world". In addition to that amount, because of his thrift he had been able to save a few hundred dollars during his years of work. This man said to me, "What would you advise me to do with this money?" I said, "Get in touch with Mr. Blackadar of the government annuities branch at Ottawa; tell him the amount of money you have and your age. Then, having in mind the possibility of holding your present job until you are seventy, ask him what $6,500 paid into a government annuity today would provide for you as an annuity six years hence".

He did that, and came to show me a letter he received in reply. I said to him, "That will be a satisfactory income for you when you reach the age of seventy. Write another letter

to them and tell them you are a bachelor and have no one to whom you would leave your money. Tell them you want the largest amount you can get during your lifetime, and that the government can have whatever is left in the annuity". He wrote to the annuities branch and asked for an annuity which would permit him to draw the maximum amount on reaching the age of seventy years, with the understanding that if he did not reach that age the government would get $6,500. Consequently he was entitled to a fair-sized annuity.

I have given similar advice to more than one person. I am glad to say that those who are living are happy indeed with their annuities. As the hon. member for Winnipeg North Centre has said, a booklet was issued by the government. But that is about all that has been done to sell annuities. Salesmen have not been sent out, and no widespread effort has been made to make these sales. If such a procedure had been followed there would have been many thousands more participants than were mentioned by the hon. member.

It has taken years for this program to become known to the people. That is perhaps one of the reasons why in the last year or two the number of participants has increased so greatly. In the booklet sent out it was stated that the country was behind these annuities. I cannot help feeling that any program which would have the effect of slowing up the purchase of government annuities by the ordinary citizen would not be a step in the right direction. The people should be encouraged to buy rather than discouraged.

I do not say the government should go out and put on a widespread campaign to sell government annuities. I am a supporter of private enterprise and would not want to see any widespread effort which would have the effect of discouraging annuities plans sponsored by the insurance companies. The country owes a good deal to the insurance companies. It has been my experience that those who invest in government annuities and those who accept insurance company programs are different types of citizens. Those who invest with the insurance companies are usually people with plenty of means. If I thought I was not going to live for a few more years I should be inclined to go to an insurance company and tell them that I want the most I can get after I reach a certain age, and that when I pass away they can have the money—because the government would likely get it anyway. I might as well get the most I can out of it while I am able to use it.

Another man who was about to make his will came to me and asked what I would suggest as provision for his nephew. The nephew was a bachelor whose health was not too good, and I advised this man to put in his will a provision whereby, if the nephew lived to the age of seventy years, he should have the most that could be derived from a sum of $5,000 allotted to him in the will. I suggested that the executors purchase a government annuity, and the lawyer in charge carried out that suggestion. Just two years before the nephew would have derived the benefit of the annuity which had been purchased for his benefit, he died. There was a provision which stated that if he died before reaching the age at which he was to draw the annuity the whole amount would go to the government.

These are two instances which have come to my attention in connection with the purchase of annuities. The second man to whom I have referred also died before reaching the age of seventy, with the result that the government got the $5,000 that had been put in, and had to make no return whatsoever.

I have always thought that is one of the reasons why the government has been able to give the ordinary citizen such a fair deal, because upon the death of annuitants who have bought annuities on the expectation that they would reach a certain age, which in fact they had not reached, the money remains with the government.

So if what is proposed by the government has the effect of retarding the purchase of government annuities by the ordinary citizen, it would be too bad. We should encourage rather than discourage thrift.

I believe this is the third or fourth time the annuities program has been cut down. I knew a man who some years ago, after retiring from business, placed $50,000 with the government for the purpose of obtaining the largest annuity he could get, one which would bring him in a high return. All he wanted was security, and government annuities do give firm security to those who invest in them.

To my mind there is nothing safer than a government annuity. I believe it is stated that they are the first charge on the consolidated revenue fund—although I am not definite about that point. I can say, however, that there is nothing safer or more solid than a government annuity, because the country is behind the government. What could be stronger than the country?

Not long after the last man to whom I referred passed away, the annuities program was changed again so that the participants had to pay, in effect, a good deal more than they

had earlier. Again, under the present proposal it would appear that anyone who buys will not receive as much for his investment as would have been obtained earlier. That does not seem fair; we all try to get a fair deal.

Suppose one of these gentlemen I refer to is drawing an annuity of $100 a month, or $1,200 a year, which is the maximum; then, if a month or two hence someone else wants to buy an annuity under the amended scheme, he would not be able to get the same return as the person who bought an annuity a short time ago. That does not seem to me to be fair on the part of the government, because everybody should be treated the same way. I have only praise for Canada's government annuity program which has been in operation for quite a long time. It has promoted thrift in Canada and given a feeling of security and safety to those who have invested in it.

I am not conversant with the whole program, but having listened to the hon. member for Winnipeg North Centre, who apparently is conversant with it, I would urge the government to reconsider any proposal which would retard or slow up the purchase of annuities by the average citizen. A government annuity is one thing in which the average humble citizen can invest with a feeling of safety and security. I am not suggesting, of course, that annuities sold by large insurance companies are not safe or secure; I will go so far as to say that they are. But, after all, there is nothing better than an annuity contract with the government, because the whole country stands back of it.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I know that you and the members on the other side of the house do not welcome this discussion at this stage, and knowing how anxious the house is to get into supply, at the risk of being unpopular I wish to make a few remarks on this subject.

I think the government are away out in their timing in these things. They are making these changes at the wrong time, and I have in mind freight rates also.

Mr. DEPUTY SPEAKER: Order. The freight rates question has been considered by the house and a decision has been reached.

Mr. GILLIS: I had no intention of discussing freight rates, Your Honour, but certainly the timing on this particular thing is bad. What I mean by that is this. There has been considerable talk in this country for some time about the danger of isms. There is only one thing that breeds isms, that is, insecurity and poverty, and until you eliminate those evils there will always be the danger of the things we fear from the other side of the tracks. Secondly, I say the timing is bad because we are still in the process of swinging our economy from war to peace. In the wartime economy the government exercised considerable control and protection over the lives of the people of this country. Both the government and the official opposition have been vying with each other since the swing-over from war to peace as to which are the greatest free enterprisers, and there is pressure from outside on both these parties.

An hon. MEMBER: How do you know?

Mr. GILLIS: I have been living in this country for a little while. What I say is quite apparent, and mind you, the average Joe on the street today recognizes that. They are not being fooled. Many people today will tell you that what is growing up in Canada is a managerial form of society in which the government are managed from the outside to the detriment of the people.

When the government annuity scheme was started away back in 1908 a definite rate of interest was fixed. That is now being changed by making the rate one per cent lower, which is equivalent to stepping up the premium by 25 per cent. Surely if the government was liberal enough in 1908 to lay the basis for an annuity scheme which would be available to the people of this country, it must recognize that the step it is now taking is retrogressive and might well have been initiated by the Conservative party. That just bears out my contention that what has happened in this country is that the Conservative party has disappeared, and the Liberals have gone Conservative.

Mr. ROSS (Souris): You wish they had.

Mr. GILLIS: Their actions in the house and in the country demonstrate that. I say the timing of this measure is bad and, along with other steps which the government has taken, it indicates that the government is being pushed from outside. My guess is as good as anyone else's and it is that the old line insurance companies fear the development of government insurance because they cannot compete with it. Saskatchewan in the field of automobile insurance and fire insurance has demonstrated that the government can give better service and better protection at cheaper rates than the old line insurance companies, and the insurance companies want to offset that development.

As the hon. member for Winnipeg North Centre (Mr. Knowles) has pointed out, the

fear of insecurity is what everyone in this world has been struggling against and suffering from, not just for generations but for centuries. We have now entered a period in the history of this country where provincial governments and industries are trying to evolve some scheme of protection for the average worker. Let me give the minister an illustration that the change he is making shows bad timing so far as the industry I am going to mention is concerned.

The minister knows that the mining industry in this country never had a pension plan, despite the fact that, as far back as 1920, I know of my personal knowledge that we approached the provincial government time after time for a three-way pension scheme, but we did not succeed in selling it to the government. But away back in 1923 and 1924 the company instituted an anaemic scheme of their own. Nevertheless, though it was anaemic, the company did something, and they bore the whole load. Only a year ago some 1,500 employees of that mining industry in Nova Scotia who had reached the age of sixty-five were laid off, and because there was no three-way contributory retirement scheme, the company made these employees a grant, which they call a pension, and which ranges all the way from $16 to $70 a month, based on length of service and a percentage of the average earnings for the last ten years. But a miner's last ten years' earnings would be largely from piecework; it would be the lowest period of his earnings. So the pensions are very small.

Mr. SMITH (Calgary West): May I ask the hon. member if he is in favour of piecework in coal mining?

Mr. GILLIS: Whether I am in favour of it or not, it is there.

Mr. SMITH (Calgary West): You are trying to get rid of it, are you not?

Mr. GILLIS: Not being actively engaged in that occupation, I let those who are make the decision. Why I hate to see this change made in the government annuity scheme at this time is, among other reasons, the fact that the miners' union and the provincial government have for the last six months been engaged in negotiations to evolve a three-way scheme which will not only protect the miner in the future but also do something for that large group of miners who have been retired with no adequate pension. Many of these men still have families on their hands and homes to maintain with the income I have just indicated. This kind of thing, which is a trend away from the three-way pension scheme that protects the average person in the country and gives him an opportunity to participate, is being discouraged. With this measure we are farther back in this field than we were in 1908.

To establish in the industry that I am talking about the kind of scheme which will protect those who are now out, and those who may come in in the future, will require a contribution from some source of about $12,000,000 to lay a base for a three-way contributory plan. If that is done, if the fear of insecurity, when a person is no longer productive, is removed you remove a lot of the fear of these changes that are talked about which we do not like to see, because insecurity is what drives people toward any kind of solution of the problem where they see themselves on the scrap heap, and are no longer able to produce themselves.

Instead of starting on the road to abandon a very good scheme which covered only a small percentage of the people of this country—it is a very small percentage of the people of the country who can come under the government annuity scheme—we should be trying to improve it.

Let me say this with regard to most industrial workers and, I think, farmers in the country. They are not in a position to carry any kind of insurance with the old line companies. The best they can do is to take a $1,000 policy payable to the beneficiary when they die, and pay on it monthly. When they pass away there is enough left to pay the funeral expenses. They live day by day and pay that kind of insurance, which is the most expensive kind of insurance, against the time when they pass away, so that their families may not go into debt for funeral expenses. That is the only kind of insurance that the average low income person in this country is able to get and pay for with the old line companies.

Rather than do what we are doing now, in effect, stepping up the premium on government annuities by 25 per cent, the Minister of Labour (Mr. Mitchell) should be bringing in a bill making this plan of government annuities still more available to the people of the country, by reducing the premium and by advertising it widely and incorporating in the national government annuity scheme the industrial workers across the country who are trying to get into some kind of three-way contribution scheme with the companies across the country. I am sure you would get co-operation from the industrialists, and I am absolutely certain that you would get it from the industrial workers.

When you have 100 or 200 schemes operated separately by each industry in the country the administrative costs are terrific. But if it were centralized with the central government with the staff that is now available, with the scheme brought up to date and the administration done from here and the people of the country covered under this scheme, it would cheapen the administration and it would guarantee the solvency of the fund because the government would be behind it. Proper audits would be made from time to time and, regardless of whether the old line companies like it or not, it would not be competing with them, because they certainly cannot give this kind of insurance.

I see in this scheme the basis for the expansion of a well developed three-way contributory scheme which would take care of both farmers and industrial workers either individually or co-operatively. I seriously suggest to the minister that he not go ahead with this thing at this time. This is thought about a lot in the country. Over the week end I had a meeting in Hamilton, praising the government, of course.

Mr. KNOWLES: And passing the ammunition.

Mr. GILLIS: I was questioned. After I had got through telling them what a good government we had, half a dozen people rose and asked me why the government should step up the premium rate on these annuities and why they should be making these changes.

Mr. KNOWLES: What was your answer?

Mr. GILLIS: I did not have much time. The answer I gave them briefly was that I thought there was pressure from the old line companies. They want to get the government completely out of the field of insurance and leave it wide open to them. The examples in Saskatchewan are demonstrating that government protection in the fields that they are suitable to handle cannot be competed with by the old line companies. I told them I thought it was a wrong step. I said that I thought we could have confidence in the judgment of most hon. members and, that once this thing is analysed, the orders in council will likely be taken back and re-arranged and the minister perhaps bring them back and centralize the scheme as one that might embrace all of the groups across the country to which I have referred.

Hon. HUMPHREY MITCHELL (Minister of Labour): If I may say a few words on this question—I should like to stay here all day on this discussion—I wish to say that the hon.

[Mr. Gillis.]

member for Winnipeg North as usual showed the great courtesy of not giving any notice that he was going to raise this question.

Mr. KNOWLES: Get the riding right, Winnipeg North Centre.

Mr. MITCHELL: Wherever the hon. member comes from. It is a highly technical question and the fundamentals cannot be expressed in simple terms.

My hon. friend said that he was howling in his crib, which he understands. I think it is a fair thing to say that he has been howling ever since in every walk of life in which he has taken part—at least that is my information.

The further point I wish to make is this. The hon. member for Cape Breton South (Mr. Gillis) and the hon. member for Winnipeg North Centre (Mr. Knowles) have said that influence has been brought by the insurance companies on myself in connection with this change in interest rates on annuities. I want to say without equivocation, Mr. Speaker, that to my knowledge I have never met a representative of an insurance company since I have been in the ministry. That is the kind of smear which will go up and down the country in a way that cannot be answered. One may have his point of view, but I do not think it is necessary to broadcast that kind of thing when I have already said that I have never met any of these people since I have been in the ministry.

Mr. KNOWLES: How did the insurance companies and the newspapers know of it a week before it was announced?

Mr. MITCHELL: It is an easy thing—

Mr. PROBE: Just mind readers.

Mr. MITCHELL: There are mind readers. When an industry is being run at a loss it is obvious that any person with any common sense would face up to his responsibilities. By the very nature of things, when you set an investigation in motion, human beings being what they are, leaks sometimes happen. That happens in every country and in every clime and in some political parties.

My hon. friends spoke about the influence of insurance companies. I had to take the long view on this thing to be frank, and I take full responsibility for it. My good friend, the hon. member for Cape Breton South, spoke about insurance and trade unions. Whether we like it or not, we are the product of our experience, and he and I know quite well, probably better than anybody else in this house, at any rate as well as anybody else in this house, that a number of insurance schemes set up by trade unions have been wrecked because they were not on a sound actuarial basis.

Take my own organization. I remember attending a convention in the city of Detroit as a young man thirty years ago. When we set up a scheme for the payment of funeral benefits I rose and pointed out to the chair, when the matter was up for discussion, that I thought it was unsound because some members of the organization or their heirs would not receive the benefits to which they were entitled.

You cannot have it both ways. My hon. friends of the socialist party have been advocates of low interest rates, and I have no objection to their having that point of view. They are also great believers in subsidies. I said once before in this house that if the payment of subsidies is a sound policy to follow, let us subsidize everything and get it all for nothing.

Mr. PROBE: You believe in selective subsidies.

Mr. MITCHELL: My hon. friend does not believe in anything.

Mr. PROBE: There is no need to be personal about it.

Mr. MITCHELL: The hon. member does not need to be personal either, but when he sticks out his neck he must expect to get it chopped off.

That is the position I was faced with. I know that the believers in public ownership think that the government is the only institution that can run a business at a loss. How do you run it at a loss? You take money from the other fellow to pay for the losses.

That is what has taken place. In order to pay these annuities it was necessary to take money from other people who did not hold government annuities. That was necessary in order to make the thing actuarially sound from the point of view of the person holding an annuity.

Take this House of Commons as an example. We cannot even run a restaurant. You get a $1.50 meal for seventy-five cents, but who pays for it? The people of this Dominion of Canada pay. We cannot even run a barber shop on a sound basis. You get a sixty cent haircut for thirty-five cents.

An hon. MEMBER: Is that true?

Mr. MITCHELL: Of course it is true and my hon. friend knows it is true.

Mr. JOHNSTON: That is a debatable point.

Mr. MITCHELL: Let my hon. friend go into any union shop in Toronto and try to get a haircut for thirty-five cents.

Mr. KNOWLES: The minister has not much hair.

Mr. MITCHELL: I will return that compliment and say that my hon. friend has not much brains. I was raised in a thrifty school. I was raised in a school where we were taught to pay our just debts. If we did not have the money with which to buy a thing, we did not buy it. That is the backbone of the British commonwealth of nations and I hope we shall never get away from it. I hope we shall never go out and kid people that they are getting something for nothing, old age pensions at twenty-one and what have you.

Mr. KNOWLES: Annuities might save the government part of the cost of old age pensions.

Mr. MITCHELL: I will come to that in a minute. My hon. friend had his day, so he should just listen to me.

Mr. KNOWLES: You passed the order in council before I had my day.

Mr. MITCHELL: I should like to place on record the amounts which it has been necessary to transfer in order to maintain reserves and the expenses of administration. The figures are as follows:

At or for the year ending	Amount transferred to maintain reserve	Expenses of administration
March 31, 1947 ..	$977,069.58	$566,968.04
March 31, 1946 ..	293,797.96	400,916.51
March 31, 1945 ..	257,288.00	353,556.72
March 31, 1944 ..	32,180.49	303,917.28
March 31, 1943 ..	497,790.26	264,228.67

Mr. LOCKHART: Is that the annuities administration?

Mr. MITCHELL: Yes. I understand that in private companies the cost of administration is between 12 and 15 per cent, whereas under this scheme the cost is under one per cent. Of course that cost is borne by the government. I wonder what position would have been taken by hon. gentlemen if, during the years of high interest, we had moved in the other direction? There is some responsibility on the ministry to see that these plans are administered in as sound a manner as possible. I should like to ask my socialist friends in Saskatchewan if the cost of their various insurance schemes are paid out of the public treasury. I am referring to the cheap car insurance and other forms of insurance they have been talking about.

Mr. BENTLEY: The answer is definitely no. It has paid its way all the way and has provided service.

Mr. MITCHELL: Then what is the difference in the Regina administration carrying on an insurance scheme and the government here in Ottawa carrying on an insurance scheme?

Mr. KNOWLES: This is not insurance.

Mr. MITCHELL: My hon. friends cannot argue both ways. They cannot stand on a public platform and say that the Social Credit party, the Liberal party and the Conservative party must run their administration at a loss, but in order to satisfy their point of view, that the government of Saskatchewan must run theirs at a profit.

An hon. MEMBER: Oh, no.

Mr. MITCHELL: Just take your medicine.

Mr. GILLIS: You are arguing against yourself.

Mr. MITCHELL: My hon. friend from the socialist camp said that there were no administration costs paid out of the public treasury; yet he and his friends expect the other political parties to take the position that, because a thing is state operated, it should be subsidized by the people. I do not think that is logical. It may be logical from the point of view of those who are thinking in reverse all the time.

I do not intend to take up any more time of the house. I think I have proven that it was necessary that this position should be taken. I should like to know what the position of the opposition would be, particularly my hon. friends from Saskatchewan, if this scheme were absolutely bankrupt. They would, by the very nature of things, be comparing it with the projects they have in their own province, and in my judgment justly so.

I have always been a strong advocate of pension plans of every kind and character. I have been a strong advocate of contributory unemployment insurance. If the house will permit a personal reference I was one of those who played some part in the establishment of old age pensions in the Dominion of Canada. The hon. member for Cape Breton South also played a part. In our youth, in our simple way we advocated the establishment of a non-contributory scheme of old age pensions such as they had in Great Britain. I have often thought that if I had my life to live over again I would have advocated a scheme on a contributory basis where the pension would belong to the individual by right without any contribution from anybody. I believe that is sound common sense.

Notwithstanding the points raised this afternoon by hon. gentlemen, I say without fear of contradiction that this is still the cheapest, the safest and the best annuity scheme in the Dominion of Canada.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, I should like to have a word or two to say. I do not think anyone can accuse me of being a socialist, nor can he accuse me of being a Conservative. In my opinion the one is just about as bad as the other.

An hon. MEMBER: Where do the commies come in?

Mr. JOHNSTON: Of course the Liberals are right along with them. But when speaking about annuities, the minister went on to point out definitely the difference between the way in which the annuities branch is run and the way other departments of government are run. He pointed out that he thought the annuities branch should stand on its own feet. That might be all right, but let us consider the Post Office Department. Does that stand on its own feet? No, it does not, and it never has.

Mr. BLACKMORE: Or the Canadian National Railways.

Mr. JOHNSTON: In the Post Office Department all the public service is charged against the Department of Public Works. The Canadian National Railways has never stood on its own feet. Yet the government does not intend to take a stand here and say that it is going to throw over the Canadian National Railways. It will not even go so far as to write off some of the watered stock. When it comes to the matter of annuities, that is the only type of investment in which the small income earner has a chance to invest. Where else can a man with a salary of $35 a week invest his meagre savings and get four per cent interest? There is not another place unless he wants to invest in government bonds, and those are not now for sale. More than that, he would have received only three per cent on them.

I have discussed this question on other occasions with insurance companies, and one of the things they have always beefed about was the fact that the government was selling annuities which would give a return of four per cent. They said frankly that they did not intend to go out and sell annuities against the government, because they could not get a sufficient return or the return to which they thought they were entitled.

When it comes to the general field of life insurance, the government is not in competition with the life insurance companies, and of course they can go ahead in that field.

In fact I think it is a healthy thing to have the government selling annuities paying four per cent in competition with insurance companies. It is not like taking over a monopoly. I do not think it is comparable with out and out socialism. It is a form of competition. In that way I think there is a good control of private insurance companies, so that they will endeavour to keep their rates down as low as possible.

We hear a great deal about people being encouraged to invest their savings in order to protect them in their old age. I think that is a good thing. The minister himself spoke about contributory old age pensions. How are people to contribute if they have not sufficient income on which to live? Last year when the Minister of Finance (Mr. Abbott) brought his budget down, he told us that over fifty per cent of the people in Canada were living on less than $1,500 a year, if married, and on $750 a year, if single. When you find a condition like that in the country, how do you expect for one moment that these people will be able to get the money to invest in contributory old age pensions or any other compulsory contributory scheme the government may have in mind?

I would not say that the government has had pressure brought to bear on it, or that the minister particularly has had pressure brought to bear upon him from the insurance companies, but I will say this definitely; the insurance companies have been complaining strongly against the government's selling these annuities, thereby allowing room for the small investor to get a four per cent return on his money. I think the minister himself is aware of that fact. That does not necessarily mean to say that they came to him with a written complaint; but I am sure the minister is too smart a man not to know that the insurance companies have been bitterly opposed to the government's selling annuities bearing four per cent interest.

So far as the matter of taking money out of the general revenue is concerned, I think the minister said that on March 31, 1943, approximately half a million dollars was taken out—$497,000, to be exact—and that in March, 1947, $997,000 was taken out. What do we pay each year for family allowances? That money comes out of the general revenue. It comes out of taxation. Will the minister stand up here and say that we should not have family allowances? If he made such a statement as that, I am afraid the Prime Minister (Mr. Mackenzie King) might ask him to take a vacation. If the Minister of Labour (Mr. Mitchell) can logically say he thinks the annuities branch should be put on such a sound financial basis that it should be run with no contribution from the general treasury, then all these other things which I have mentioned—and which the government has sponsored—should be put on exactly the same basis.

I think the time was certainly not opportune for the government to lower this interest rate from four per cent to three per cent. We expect the people of this country to look after themselves in their old age. Almost everyone who has spoken for years past in this house has advocated that procedure. Yet we take away one of the opportunities for people to do that. I want to protest against the government's taking this action at this time. It is most inopportune and it will not work in the best interests of the people of Canada.

PROVISION OF SUPPLIES OF COMMODITIES TO SASKATCHEWAN FEDERATED CO-OPERATIVES LIMITED

Mr. T. J. BENTLEY (Swift Current): I suppose the house will be impatient, Mr. Speaker, with anyone who rises at this particular time. I do not know that I blame them a great deal, but I want to point out that those of us over here have no other means of voicing our grievances except as the opportunity arises in this way. At times we have been accused of holding up a vote when, as a matter of fact, it was not a question of holding up a vote; it was simply a matter of trying to register our protest in the time at our disposal. We do not make the rules of the house. But we must obey them.

I want to speak principally on another matter this afternoon; but before I do so, I want to advise the house and the Minister of Labour (Mr. Mitchell), through you, Mr. Speaker, that there is a vast difference between this government annuity and the insurance plan and operations carried out by the Saskatchewan government. In the first place, the Saskatchewan government insurance office does not deal in life. It deals in a variety of other things.

Mr. MITCHELL: May I ask the hon. member a question?

Mr. BENTLEY: Yes.

Mr. MITCHELL: By the very nature of things, when you insure against fire, does that not include life, indirectly?

Mr. BENTLEY: Yes, indirectly. I mean that there is no straight life insurance. The only socially-owned life insurance company in

Saskatchewan is the Co-operative Life Insurance Company, which also has a charter from Ottawa.

However, the point I was about to advise the minister on was this. That insurance company is a crown corporation which operates entirely under its own steam. It pays its own administrative and operating expenses and submits its accounts to the government. Its surplus is disposable, of course, by government decision.

Mr. CASE: Does it pay provincial taxes?

Mr. BENTLEY: Yes, it pays all taxes except municipal taxes; that is a matter which is one of controversy at the present time, and I understand that payments will be made in lieu of them, in agreement with the municipalities.

The matter I wish to introduce this afternoon is opportune now after I have spent these few minutes in the way I have. I am glad to see the Minister of Agriculture (Mr. Gardiner) in his place before I bring it up. It has to do with the matter of the supply of hardware, particularly nails, to one of our big Saskatchewan co-operative associations, namely, the Saskatchewan Federated Co-operatives Limited. This is an institution which has been built up over the years by the same process that governments here and in other places have advised the people to undertake. They have said the same as the Minister of Labour said a while ago, that people should help themselves when they are in extremities. The people of Saskatchewan have in a variety of ways set up organizations by which they hope to help themselves. They do not consider it fair when obstacles are placed in their way that prevent them from helping themselves as they should be permitted to do.

The file of correspondence I have here is between the president of the Saskatchewan Federated Co-operatives Limited, Mr. George Urwin, and the Minister of Trade and Commerce (Mr. Howe), and it also contains letters between the steel controller of Canada, Mr. Fred Ashbaugh, and Mr. C. H. Millard of the united steelworkers of America. The reason that correspondence enters the picture will become apparent as I go along. This co-operative has a membership of around 75,000 people, of whom about 96 per cent are farmers. It is not a corporation in the sense that people have invested money in it for the purpose of making money out of their investment. It is a co-operative in which people have invested money for the purpose of building certain things to serve themselves.

They have done that in this way. They have built 540 retail outlets which service every populated area in Saskatchewan. Through the affiliation of those 540 retail outlets they have ownership in the central organization, the federated co-operatives limited, through which they operate two coal mines at Drumheller, a lumber mill at Canoe, British Columbia, an oil refinery at Regina, a flour mill at Outlook and two feed plants, one at Saskatoon and the other at Regina.

As I say, they have done these things to service themselves. They are asking no favours from anybody. They simply want to be able to use their purchasing power in that way, to go into the market and purchase their supplies from manufacturers, or to purchase the raw materials from the suppliers and make them available in consumable form through these outlets. Last year they did a business which would not be considered much in big business circles but which was very satisfactory to them, a business of around $11,500,000; but they are unable to get some supplies, one of the most important of which is nails.

The subject matter of the correspondence I have here is a request to the Minister of Trade and Commerce (a) to make it possible for this organization to buy its portion of the available supply of nails from the present distributors, or (b) to make available 300 tons of steel wire to a firm in Galt which is willing to make these nails for them, provided that it can get the steel wire with which to do so. These are their two requests. The replies are, of course, the same kind the minister has given the hon. member for Peterborough West (Mr. Fraser) when he has asked about nails. The minister has given a short, rather abrupt answer, which in most instances could be described as a brush-off. That is about the tone he takes in his replies to the president of this co-operative institution.

Then the Canadian director of the united steelworkers of America, Mr. C. H. Millard, took up the matter on behalf of the co-operative, with which he had some correspondence. Mr. Millard got in touch with the steel controller in an endeavour to have these necessary supplies made available to the firm which is willing to manufacture the nails, but Mr. Ashbaugh has been no more considerate than the Minister of Trade and Commerce, for the obvious reason that he is under the direction of the minister and therefore, I suppose, can do nothing the minister will not permit him to do. Mr. Millard pointed out that a great deal of our iron ore goes to the United States, and for that reason we should be able to get larger supplies of the finished steel. The minister and the controller replied that the shortage of steel would make it impossible

to provide the 300 tons required for the manufacture of these nails.

Just on that point, I remember that back in 1942 a request was made by some people in British Columbia who believed there were deposits of iron ore and coal sufficiently close together to make it possible to put up smelters and manufacture steel products there. At that time they were told that there has always been a surplus of steel in Canada, and as a result they were not given permission to do as they wished. If that permission had been given at that time, perhaps the condition of which I speak today would not have arisen. That permission not having been given, however, we now face this shortage; and I claim it is the responsibility of the government either to make this quantity of raw material available for the manufacture of the nails required by this co-operative institution, or to see that the distributors make available to the co-operative enough nails out of the total going into the retail trade to supply their members.

Of course the minister and others will take the position that this would be interfering with private business; but I claim that when seventy-five thousand people have clearly stated by their membership in this organization that they want to do their retail trading in their own stores, they should not be compelled by some business circumstance to go to another person, who certainly would be a competitor of the co-operative institution, in order to buy their nails. If we believe in free enterprise in this country we should certainly make an effort to see that those who engage in it are able to practise that principle through whatever channels they consider are proper and lawful.

I had hoped that the Minister of Agriculture would give some attention to this matter. As everyone knows, he has risen in this chamber on more than one occasion and said that he and his Liberal party in Saskatchewan and here fathered the co-operatives. As a matter of fact, on one occasion he made the statement, "We built the co-operatives". I take issue with that statement, because it is not correct; but if he believes it to be correct—and he would not have said so if he did not believe it—certainly he should do his utmost to let his brainchild grow. Those of us who come from Saskatchewan find it difficult to realize that the government can be so inconsiderate as to permit a lusty baby in the co-operative family to be denied the food necessary to continue its growth in this country of free enterprise. Someone says the child is now bigger than its father. That is so in Saskatchewan; whether it is true here remains to be seen. I do not want to make an unpleasant political issue of this, but the government say they believe in free enterprise, that they believe in people helping themselves.

Mr. GARDINER: We believe in co-operatives.

Mr. BENTLEY: The minister repeats that he believes in co-operatives. That is splendid. If the government believe in these three things; if they believe in free enterprise, if they believe people should help themselves by their own free enterprise, and if they believe in co-operatives—which I think the minister will agree are a democratic and sound type of free enterprise—then I say this government should not permit either their own policies or the policies of private business to prevent this enterprise of which I speak from obtaining its share of the available supplies of the goods it requires to satisfy the needs of its membership. The minister could, I think, do a lot to convince the government that that situation could and should be taken care of by his administration.

I do not know that I can give any more convincing arguments than I have given. I have just one further quotation which I think might be brought to the attention of the house. This is from a letter addressed to Mr. Charles Millard from Mr. F. K. Ashbaugh, the steel controller, wherein he says:

> In view of the fact that we are not giving assistance in procurement to more than an infinitely small percentage of Canadian industry...

This indicates that they are giving some assistance in the matter of procurement. And the very fact that they are doing that indicates to me that it is their duty to make supplies available to this organization about which I have spoken today. They have not asked much. They need a great deal more in the hardware line, such things as wire and other metal retail objects. However, they have stated clearly that rather than press the point, to the embarrassment of the country, they will be happy for this year at least to have these 300 tons of steel wire made available to this firm in Galt so that they can manufacture nails. I say the government should proceed immediately to see that this firm gets what it asks, or to see that private industry makes available to the Saskatchewan Federated Co-operatives Limited its share of nails, which will come through the retail trade and which the farmers will buy anyway, because they must have nails to carry out their operations.

Mr. R. R. KNIGHT (Saskatoon City): Mr. Speaker, the hon. member for Swift Current (Mr. Bentley) has put the case so well that I wish only to add my voice to what he has said. It is true that the Saskatchewan Federated Co-operatives Limited has its headquarters in my city and that I have been interested in its growth over a number of years.

This is not the first time that this firm, if I may so describe it, has had its troubles in matters of supply. In 1946 I tried to obtain from the wartime prices and trade board a proper quota on canned milk for this co-operative. I have here a letter which advanced the argument against the distribution of canned milk to this organization. This letter, signed by the hon. member for Victoria, B.C. (Mr. Mayhew), parliamentary assistant to the Minister of Finance, states:

> I have taken the matter up with the wartime prices and trade board, and am advised that under their policy of equitable distribution, evaporated milk is one of the items which continues to be classified as in such serious short supply that it may only be distributed to basic period customers in quantities related to their basic period purchases.

The situation in regard to nails is much the same today, and it is with that argument of the government, as set forth in the letter I have just read, and which refers to basic period customers, that I find fault.

Let me put to the house a ridiculous case. We will consider two rival business institutions on two corners of a street. One of these loses all its customers to the other, but the government persists in supplying with the goods the one losing its customers, while the other firm which now has the customers can obtain no goods with which to supply them. Perhaps that is going far afield, and may be considered a ridiculous case. But it will at least point up the fact I wish to make clear. Here is an institution which has been growing in membership but which cannot get supplies. The hon. member for Swift Current put the number of shareholders in the organization at 75,000. I have a statement here from the Co-operative Union of Saskatchewan which states:

> Allowing for duplication of membership, it is safe to say that some 300,000 Saskatchewan people are members of one or more co-operatives.

This may be considered a startling statement, particularly to some of my hon. friends to my right. However, that is the way in which we are now doing business in Saskatchewan, on a co-operative basis. There are, of course, reasons why we are operating in that way.

[Mr. Bentley.]

But to get back to my argument, I think the basis of distribution should be one of population or customers who buy goods from a firm. If this particular firm can show a membership of 75,000, and potential purchasers numbering 300,000, I say that firm should receive a great deal of consideration when it comes to a matter of supply.

As my hon. friend pointed out, people started these institutions to help themselves. Here is an organization which says, "We have no nails; nails cannot be obtained." The hon. member for Peterborough West (Mr. Fraser) would support me in this. They say, "All right; we have no nails; we will make them." Then they proceed to negotiate to buy unused machinery which will be shipped out to them so that they can make their own nails, if the government will only guarantee a supply of steel from which the nails can be made.

Then the government comes along and says, "No; already all the nails which can be made are being produced. Why should you make nails out there?" I have tried to explode that argument, and I believe I have done so successfully. If the customers are there, then those customers are entitled to their proportion of nails, on any basis of need or equitable distribution.

In connection with canned milk, about which there was discussion a couple of years ago, I have reason to believe that the distribution was not equitable. Is it not ridiculous that a man who buys his groceries at a co-operative store should be permitted to fill his basket or the back of his car—we used to do that, but now a brown parcel will hold the lot of it—and then if he wishes to buy canned milk find that he has to go to some other store to make the purchase? Is that not ridiculous? I believe I have said sufficient, and practically all I had intended to say. I would ask that it be called six o'clock.

Some hon. MEMBERS: Carried.

Motion (Mr. Abbott) agreed to, and the house went into committee of supply, Mr. Golding in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

52. Departmental administration, $1,915,860.

Mr. GRAYDON: When does the minister expect to go on with the debate on external affairs?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): On Thursday, and Friday, if need be, providing a sufficient opportunity for members who wish to speak on external affairs to be heard.

Mr. GRAYDON: I take it that the debate will open at the beginning of the sitting on Thursday.

Mr. ST. LAURENT: At the beginning of the sitting on Thursday, and it will continue on Friday, if need be, to give members who wish to be heard an opportunity to speak.

Mr. KNOWLES: Tonight it will be agriculture from nine o'clock on, will it?

Mr. ST. LAURENT: We propose to introduce the other departments mentioned, and have them stand. Then we shall call agriculture, to proceed at nine o'clock.

Item stands.

DEPARTMENT OF TRADE AND COMMERCE

440. Departmental administration, $272,600.

Item stands.

DEPARTMENT OF TRANSPORT

463. Departmental administration, $690,670.

Item stands.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $234,297.

Mr. ST. LAURENT: Stands, until later this day.

Item stands.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

THE KING AND QUEEN

MESSAGE OF THANKS FOR CONGRATULATIONS ON TWENTY-FIFTH ANNIVERSARY OF THE MARRIAGE OF THEIR MAJESTIES

Mr. SPEAKER: I have the honour to inform the house that I have received the following cable from His Majesty the King:

London,
The 27th of April, 1948.

The Speaker of the House of Commons of Canada,
Ottawa.

The Queen and I thank you and the members of the House of Commons of Canada most sincerely for your congratulations on this twenty-fifth anniversary of our wedding.

On this happy occasion it is particularly pleasing to receive this further expression of the affection and loyalty which you have constantly shown toward us, and we both appreciate greatly the warmth of your address.

George R.

PRIVILEGE

MR. CASE—BELL SUMMONING MEMBERS TO HOUSE OF COMMONS CHAMBER

Mr. W. GARFIELD CASE (Grey North): I rise to a question of privilege, Mr. Speaker, to ask if you could arrange to have a bell installed that will have a little more tone and music in it. The bell which rings on division and calls the member to labour has a very harsh tone. There are so many harsh things sometimes in this chamber that I wish you could secure a bell with music and sweetness of tone.

SUPREME COURT ACT AMENDMENT

AMENDMENT TO ABOLISH APPEALS TO THE PRIVY COUNCIL

Mr. F. E. JAENICKE (Kindersley) moved the second reading of Bill No. 5, to amend the Supreme Court Act.

He said: Mr. Speaker, the bill before the house is exactly the same as Bill No. 154 of the last session of parliament. I moved the second reading of that bill on May 9, 1947, but unfortunately it never came up for discussion again. In support of last year's bill I asked the house to give it favourable consideration as I believed that the vast majority of the Canadian people are in favour of abolishing appeals to the privy council and setting up our own final and ultimate court of appeal for Canada, because it is the next important and logical step toward Canadian sovereignty. I still believe this to be the case, and I am convinced that the vast majority of the Canadian people are today of the same frame of mind.

I have had an opportunity during the recess, since last July, of discussing this question with many people in all walks of life and of different shades of political affiliation, not only in western Canada but in other parts of Canada, and I feel safe in saying that in presenting the bill for the second time to this house for its favourable consideration and support I have most Canadians with me.

Even among the members of my own profession, particularly in the west, I find a preponderance of opinion that we ought to be sufficiently grown up and emancipated to administer and interpret our own laws, and that our supreme court should be the final court of appeal in our own country.

At the last session I based my argument for support almost entirely on the fact that Canada is now a sovereign nation, and this alone should be sufficient for this house to pass this bill. I again make this plea with all sincerity,

and at this time I shall go farther and argue that our present position in this matter is incompatible with our status as a member of the British commonwealth of nations and as a member of that larger body, the united nations.

Someone said, improperly I believe, that the privy council, in deciding that Canada possessed the power to abolish appeals to that body, signed its own death warrant as a Canadian court. I cannot look at the matter in that way. The spirit in which this famous judgment was rendered is something entirely different from the spirit of a death warrant. It was rather the spirit of a new life; it was an enthusiastic invitation to Canada to assert its sovereignty and to pass this very bill which is now before us. It was an invitation to enjoy that new sovereign life, which in reality we were capable of possessing since the Statute of Westminster was passed in 1931.

To make my point clear, namely that I can read an invitation into the language of the judgment, listen to some of the passages of the judgment as delivered by Lord Jowitt, the Lord Chancellor:

> No other solution is consonant with the status of a self-governing dominion . . .

Later on:

> It is not consistent with the political conception which is embodied in the British commonwealth of nations that one member of that commonwealth should be precluded from setting up, if it so desires, a supreme court of appeal having jurisdiction both ultimate and exclusive of any other member.

Later again:

> That natural attribute of a sovereign power (namely the establishment of a general court of appeal) stands unqualified and absolute.

While it would have been improper for that body to suggest action, it seemed to me that the general tenor of the language used implies an invitation to apply immediately the law upon which they had adjudicated, because our present position in still maintaining the right of appeal to the privy council is, in the language of Lord Jowitt, "inconsistent with the political conception which is embodied in the British commonwealth of nations".

Surely I need no better authority than the privy council itself for the argument that our present status as a sovereign member of the British commonwealth demands the action which is proposed in this bill.

Before turning to the other point which concerns our relationship in the united nations, let me deal for a moment with the arguments which might be, and undoubtedly will be, advanced against this measure. There is the contention that it would destroy the prerogative of His Majesty. I think we can dismiss this argument as invalid in view of the long standing and adopted British constitutional conception. It is unthinkable that His Majesty could act without the advice of the privy council, and it has been held on numerous occasions that the privy council is, in fact, an appellate court of law.

In the case of the British Coal Corporation versus The King, 1935, 3 D.L.R., 401, the privy council itself says this:

> It is clear that the committee is regarded in the act as a judicial body or court, though all it can do is to report or recommend to His Majesty in Council by whom alone the order in council which is made to give effect to the report of the committee is made. But according to constitutional convention it is unknown and unthinkable that His Majesty in Council should not give effect to the report of the judicial committee who are thus in truth an appellate court of law, to which, by the statute of 1833 all appeals within their purview are referred.

It is clear, therefore, that in passing this bill we are not in the slightest degree interfering with any supposedly existing prerogative of His Majesty. We are simply substituting one final ultimate appeal court of our own for another which is not our own, and about the composition, jurisdiction and powers of which we have no voice whatsoever.

In anticipating arguments in opposition to the bill of last session I mentioned, and I disagreed then with the position taken by some people, that the privy council should be retained as the final court of appeal because it would be a neutral or more impartial tribunal to adjudicate upon controversies involving the interpretation of our constitution, the British North America Act. I find that this sort of argument still forms the main source of opposition to a measure such as the one before the house at the moment.

I also find the argument advanced that we might abolish all appeals to the privy council except cases which involve a constitutional question. With that I disagree entirely. In the first place, I would say that such arguments are not very complimentary to Canadian judges who are as good judges as any in the British empire. In the second place, I shall contend that Canadian judges who have lived here all their lives, who are conversant with Canadian life, Canadian habits, and who know Canadian social, economic and industrial conditions are in a much better position to interpret our constitution in the light of ever-changing circumstances in this country of ours. You see, I do not regard our constitution as a dry, inflexible law or statute, and although I will admit that it needs to be changed in some places, I think the framers of this law

and its sponsors, the fathers of confederation, did very well, and when they built this constitution I think they had the future in mind.

I said once before in this parliament, and I should like to emphasize again, that the fathers of confederation were out to create a unified nation. Canadian unity is, in my opinion, the cornerstone of the British North America Act, and it is in that light that its various provisions should be interpreted. I think we can safely leave that interpretation to Canadian judges. There is no question that, as time passes, conditions will arise through the natural progress which we are bound to make, which will require the interpretation of the British North America Act in the light of the emergence of such new conditions, which conditions will be bound to be subject to dispute as to where the jurisdiction rests to legislate with respect to such new circumstances. I believe that such disputes will in future be decided more or less upon the basis of the recent privy council decision in respect of the Canada Temperance Act case, which says that parliament has jurisdiction, under the peace, order and good government clause, on any subject that, by its inherent nature, is of national importance. I have an idea that future constitutional disputes will revolve about that question, and I believe that Canadian judges will be in a better position to adjudicate upon such a point, namely, as to what is a subject which, by its inherent nature, is of national importance, and what, on the other hand, is a matter of merely provincial or local concern.

These judges, as Canadians, will have been part and parcel of this national progress. They will understand better the causes of changing conditions, and for these reasons I maintain that Canadian judges are in a better position than the learned law lords of the privy council in interpreting the Canadian constitution as a flexible, progressive statute, which, as Lord Sankey once said, "was a live tree capable of growth and expansion within its natural limits."

The only hon. member who was able to take part in the debate last year was the hon. member for Broadview (Mr. Church), who opposed the passing of the measure in no uncertain terms, basing his argument mainly, as I understood him, upon the supposition that the privy council has been the great defender of the rights of minorities of this country, and likewise that the provinces were not favourable to this bill because the privy council was the guardian of provincial rights. I think it is, to say the least, incongruous to argue in this manner, because the judges of our supreme court come from different provinces and they understand, better than anyone, provincial rights or the rights of minorities.

I have not taken any census of the numerous decisions rendered by the privy council upon constitutional questions since confederation, but I venture to say that the decisions rendered against the provinces and favourable to the dominion are more numerous than decisions rendered the other way. In any event, however, the argument is invalid. If you say that the privy council has been the guardian of provincial rights you suggest that that body has favoured the provinces as against the dominion, and that sounds to me rather like a reflection on them, which is certainly unjustified. Our courts of law bestow no favours.

As to the privy council being a great defender of the rights of minorities, I may say that the records of the decisions of the privy council with regard to minority rights would certainly not bear out that this is a fact. If you refer to that most excellent book of Doctor Maurice Olliver on "Problems of Canadian Sovereignty", you will see the leading cases on minority rights cited, which appear to be proof of the fact that most cases show that the people who claimed certain rights as minorities were told by the privy council that they did not have any such rights.

I have also heard it argued of late that we should retain the appeals to the privy council because the decisions may form a valuable part of our jurisprudence based upon English common law. That, of course, would not be true if applied to the civil law of the province of Quebec. But even if we did abolish appeals to the privy council, any judgments which they might render in the future would still be valuable, as in our courts we look with great respect upon the judgments of British courts, although these judgments may not be binding in our courts. Therefore I maintain that there is no argument on that score either.

I mentioned in my opening remarks a few moments ago that I maintained as a second point that the retention of the privy council as a Canadian court of appeal was inconsistent with our status as a member of the united nations. The charter of the united nations on membership qualifications states that we must be able and willing under our own laws to enforce and carry out the obligations which we undertake when we become a member of that great organization. I maintain that, by retaining the privy council as the final court of appeal, we offend against that qualification, because it would not be a court of our own

making which might have the final word with respect to our obligations as a member of the united nations.

For instance, there is the act which we passed last year, being chapter 69, to provide for privileges and immunities in respect of the united nations and related international organizations. That act contains as a schedule the convention on the privileges and immunities of the united nations. It is quite possible that there might be some legal controversy as to the interpretation of the act or of the convention which forms part of it. As a matter of fact, article 1 states:

> The united nations shall possess juridical personality. It shall have the capacity:
> (a) to contract;
> (b) to acquire and dispose of immovable and movable property;
> (c) to institute legal proceedings.

It has that authority to institute legal proceedings within our jurisdiction; that is, within Canada. Section 34 of the convention which is ratified and adopted by chapter 69 of the 1947 statutes reads as follows:

> It is understood that, when an instrument of accession is deposited on behalf of any member, the member will be in a position under its own law to give effect to the terms of this convention.

I emphasize the language used in that article, namely, "under its own laws." Our judicial system is established by law, but that system includes the highest court of appeal, which is not constituted under our own laws. Therefore I would argue that we offend against the convention adopted by this statute because we are not in a position under our own laws to give effect to the terms of the convention.

The sections of the statute just quoted and the articles of the convention itself suggest that there may be legal proceedings for their enforcement, instituted even by the united nations itself. All of this might be subject to appeal to the privy council, and we might find ourselves in what I believe would be an embarrassing position if the privy council, a court which is not our own, should tell us what our duties and obligations were in connection with a relationship into which we had entered as a sovereign state.

Then there is chapter 46 of the statutes of 1947, the United Nations Act. This act provides that if the security council decides upon a measure, including the interruption of economic relations, the governor in council may make orders and regulations enabling such measures to be effectively applied. The act means that if the security council requires us to do so we have to apply economic sanctions or any other sanction short of war against an offending member of the united nations. If we pass regulations in respect thereof I can imagine litigation arising from such regulations, such as the numerous prosecutions which occurred under the War Measures Act. I can imagine a possible appeal to the privy council and that body telling Canada, a sovereign nation of the united nations, what our duties are with respect to the obligations we have entered into.

Apart from our status as a member of the united nations, there is our general relationship as a sovereign state to the other nations of the world. For instance, take the case of the Polish art treasures about which there might be a lawsuit which would command headlines on the front pages of the daily press. However innocent and well meant were the actions of the dominion and Quebec governments in this mix-up, they might very easily become an important feature in such a lawsuit. Imagine the possibility of the privy council having to adjudicate upon that matter in the light of the acts of the dominion or the province concerned!

I think it is intolerable to contemplate that Canada as a sovereign state, which it is in fact whether we like it or not, should submit in a case such as this to the judgment of a court which is not our own. To me the retention of the privy council as the final court of appeal is incompatible with our membership as a sovereign state in the united nations. I commend this bill to the favourable consideration of the house.

(Translation):

Mr. MAXIME RAYMOND (Beauharnois-Laprairie): Mr. Speaker, since the time reserved for public bills is very limited, my remarks will be rather brief.

The bill proposes to abolish appeals to the judicial committee of the privy council.

Since the enactment of the Statute of Westminster by the imperial parliament, on December 11, 1931, which recognized Canada's sovereignty this matter has been discussed at the sessions of 1937, 1938 and particularly that of 1939, when the then Minister of Justice, Mr. Ernest Lapointe, unreservedly approved a similar bill introduced by the hon. member for St. Lawrence-St. James, Mr. Cahan.

However, passage of the bill was delayed until such time as the government could obtain the opinion of the Supreme Court of Canada and of the privy council regarding the power of parliament to legislate in that matter.

Since it was decided by the supreme court, in 1940, and by the privy council, in January 1947, that the dominion parliament had the

power to abolish appeals to the judicial committee of the privy council, we have reason to wonder why the government did not introduce, in 1947, a bill implementing those decisions. I hope that the Secretary of State for External Affairs, who asserted that he favoured the abolition of those appeals, when he was chairman of the Canadian Bar Association, will facilitate the passage of this bill which may otherwise meet with the same fate as the one introduced last year by the hon. member for Kindersley (Mr. Jaenicke).

We have every reason for acting without delay. First, our present position is incompatible with our status of sovereign nation. Canada is a free and sovereign country and is recognized as such by other nations. Canada is a member of the United Nations Organization, based on the principle of the equal sovereignty of all its members, and even holds a seat in the security council. Yet, for the administration of justice, one of the most important functions in a really free and autonomous country, Canada depends on a foreign court which operates outside our borders.

Under such circumstances, what is meant by equal status and full autonomy? What is understood by the Statute of Westminster? Our prestige among nations is at stake unless we eliminate as soon as possible this ancient vestige of our colonial status which hinders our judicial autonomy and fosters among us an inferiority complex.

In so far as Canadian courts feel bound by decisions of the privy council which, in effect, are akin to enactments, this state of things interferes with our legislative autonomy.

In his book on *Responsible Government in the Colonies,* Keith says at page 1102:

> It is idle to deny that the taking of appeals to the privy council is a mark of inferior status and partial servility . . . The maintenance of the present position is just and proper so long as the dominions desire to remain dependencies.

Moreover, it is insulting to our judicial body and humiliating to the entire Canadian population to maintain this right of appeal. It implies that we have not among us people sufficiently enlightened, sufficiently intelligent, to interpret our laws and statutes and that we must ask a foreign court for an ultimate decision in matters at issue. We are able to enact our laws but unable to interpret them.

Would anyone claim, for instance, that in a matter of civil law, a foreign judge with little or no knowledge of our Quebec civil code would be more likely to safeguard the interests of the citizen than our own judges with their lifelong experience? Here also one may not forget that their lord justices seeing no difference between the Quebec civil code and the common law, as they have often stated, have been too prone to abide by the precedents of the English courts.

Some claim that the privy council is the guardian of minority rights. In the light of experience, far from being so, this claim is but a myth as was stated by the Right Hon. Mr. Lapointe. Were this not sufficient, I could remind hon. members of the judgments rendered in the cases of the school laws of New Brunswick, in 1871, of Manitoba (Barrett v. Winnipeg) in 1892, of the Ontario Regulation No. XVII, and in the case Despatie-Tremblay. Without any exception, the judgments of their lordships were against the claims of the minority. Moreover, the privy council is more a political than a judicial body. As was stated in this house by Mr. Cahan, in 1937:

> Many of its active members are at the same time members of a legislative division of the British parliament. The Lord Chief Justice is a member of the government of the United Kingdom and no report of the judicial committee can be binding unless approved by an order of the British privy council.

This accounts for certain decisions such as that which, in 1927, granted Newfoundland a portion of Labrador peninsula which until then had been part of the province of Quebec.

Moreover, such appeals to the privy council wreak an injustice upon people of slender means, because they are too costly. After all, it is within the reach only of great corporations and wealthy people. Let the hon. members imagine the costs of taking a case to London, and the predicament of the Canadian citizen of limited means who faces the threat of an appeal to the privy council, after winning his case in a Canadian court. Unable to meet the costs of such an appeal, he agrees to some more or less advantageous settlement, which means that powerful companies have used the outside tribunal as an instrument of intimidation.

What of the multiplicity of appeal jurisdictions whose very numbers increase judicial costs and hamper the administration of justice? In our judicial system, there are three appeal courts, including the privy council, whereas two appeal jurisdictions within Canada, namely the Court of King's Bench and the Supreme Court of Canada, are amply sufficient. As far as I know, that number is not exceeded in other countries.

As an example of the delay caused by this third appeal to the privy council, there is the Despatie-Tremblay case, first heard in the province of Quebec Superior Court on June 26, 1911, then carried to the privy council where it was first heard in 1914 and finally settled on February 11, 1921, after a second hearing, that is ten years after the decision in the first instance.

I remember a saying of a former justice of the Court of King's Bench, Sir Horace Archambault:

Justice which is not expeditious is not justice.

Let us therefore put an end to these injustices and rid ourselves of this last vestige of colonialism.

We are concerned today with abolishing appeals to the privy council, but I believe it would be proper to complete this legislation by regulating the working of the Supreme Court.

In any case involving civil law or civil procedure, the decision of the provincial court of appeals should be final, and the right of appeal to the Supreme Court abolished. Alternatively, it should be decided that the cases from Quebec should be heard by five judges, including three from Quebec, and the cases from the other provinces by at least three judges from such other provinces.

In constitutional cases a special court could be set up, including the judges from the Supreme Court and the chief justice from every province.

But let us begin by abolishing appeals to the privy council.

(Text):

Mr. JEAN LESAGE (Montmagny-L'Islet): I wish to congratulate the hon. member for Kindersley (Mr. Jaenicke), Mr. Speaker, on having introduced again this year a bill to abolish appeals to the privy council. He said tonight that this was the next logical step in the establishment of Canada's sovereignty. I am in perfect agreement not only with what he said on that point but generally with all the reasons he gave, both tonight and last year, in favour of the abolition of the right of appeal to the privy council.

(Translation):

May I also congratulate the hon. member for Beauharnois-Laprairie (Mr. Raymond) for his truly Canadian stand on this subject? After his speech, there can be no doubt in our minds about his genuine Canadian spirit. Once more I commend him for it.

[Mr. Raymond (Beauharnois-Laprairie).]

Several reasons have been brought forward in the two speeches which I have just mentioned, as well as in others made on previous occasions, for the elimination of appeals to the privy council. Outstanding remarks have been made especially by the Right Hon. Mr. Lapointe and by the hon. Mr. Cahan. The argument presented by Mr. Maurice Ollivier, in his book, is consistent, perfectly established and most convincing. While thus reminding the hon. members of outstanding contributions on the subject, I do not intend to repeat tonight in my own words all arguments previously adduced.

As was stated last year by the hon. member for Kindersley (Mr. Jaenicke), the right of our Canadian parliament to do away with appeals to the privy council has been definitely established by the privy council itself. All we have now to discuss is the advisability of a bill such as this.

Before dealing with this matter, I should like as briefly as possible to call the attention of the house to the following point. Bill No. 5 would do away with all appeals to the privy council and even with the appeals to the royal prerogative, commonly known as appeals to the throne. Therefore, no Canadian citizen would have the right to appeal to the King in the case of certain grievances for which no remedy may be sought from other jurisdictions.

Though I would not wish to give a final opinion on this matter, I am inclined to believe that on this score serious objection could be had to the bill as now drafted It is not inconceivable that serious trouble might arise from the final decision of a court due to gross injustices which would be without remedy after the elimination of these appeals to the throne. Of course, this objectionable feature does not challenge the principle of the bill but it might properly be the subject matter of an amendment in committee. I wonder if it would not be better to amend the bill so as to allow appeals to the Governor General who would act on the advice given to him by the Supreme Court after having heard all parties concerned, except of course in cases already dealt with by that court. I am not in a position to express a definite opinion on the matter, but no doubt that many hon. members have had enough experience in legal matters and are conversant enough with those questions to put forth useful and interesting opinions.

I repeat, however, that there is not the slightest doubt in my mind about the principle of the bill, which I entirely approve.

The judicial committee of the privy council was empowered by chapters 3 and 4, William IV, to hear any appeal from His Majesty's colonies. Previously, the appeals from the colonies were heard by His Majesty in council. The said committee was established to hear appeals from the colonies, but not appeals from judgments brought down in England and Scotland.

After the hearing, the judicial committee of the privy council submits a report to the King, stating the reasons which have motivated the lords' decision, advising His Majesty to give effect to their recommendation. The report is then referred to the King in council for the United Kingdom, and not for Canada, and is approved. An order in council is then passed, quoting the report verbatim. The decision then becomes the King's judgment.

From the above, it should be remembered that the judgments of the privy council are, in fact, only judgments of the King and his council for the United Kingdom—that is of the British government—judgments which are rendered upon the recommendation of the lords, who are members of the judicial committee of the privy council. In its very essence, this court is of a colonial order. That, to my mind, is the main reason why Canada can no longer allow decisions of our courts to be appealed to the privy council.

Mr. DECHENE: Hear, hear!

Mr. LESAGE: Canada being a sovereign nation, it is inconceivable that within our borders, no court should be able to settle our lawsuits conclusively. Since we are free to sign any treaty we choose, since we rank third in the world among trading powers, take part in all international assemblies, decide between war and peace, Canada can surely no longer tolerate seeing another country settle our lawsuits.

Some hon. MEMBERS: Hear, hear!

Mr. LESAGE: Personally, I admit quite frankly that I will not believe there are still people in Canada whose colonial-mindedness comes before patriotism and national pride.

Mr. LAPOINTE: Hear, hear!

Mr. LESAGE: If we are proud of our Canadian status, if we are proud of our nationhood, if we are proud of our country, the least we can do, the first step we can take is to have our own courts render conclusive decisions.

I said, Mr. Speaker, that the privy council was a political court. In fact, it is political not only in its composition, but in the judgments it has brought down. Members of the judicial committee are active politicians, which is contrary to our conception of the judicial body in Canada. In our country, we never see a judge on a political platform; he never takes part in political debates, and is not allowed to. Here, a judge is not only deprived of membership in the House of Commons or the Senate, but also of the right to vote. We have adopted as a principle that Canadian judges should be entirely free from politics and from political influence.

Mr. POULIOT: Hear, hear!

Mr. LESAGE: In Canada, writes Mr. Maurice Ollivier in his work "Problems of Canadian Sovereignty", page 255, "the separation of judicial and legislative powers advocated by de Montesquieu is complete". We take all necessary precautionary measures to safeguard the independence of our judges.

Some members of the judicial committee of the privy council are also members of the House of Lords.

Mr. POULIOT: Shame! Shame!

Mr. LESAGE: They take part in political campaigns, supporting their party's candidate in the election. Being human, even though they are British lords, they are subject to political influence and considerations.

Although in Canada, and again I point this out, we do everything to ensure the complete division of powers and the absolute independence of our judges, we still submit our disputes, in a last appeal, to those same persons whom we would never ask to preside over our courts in Canada. The record of the judgments brought down by that court proves that in several cases, and the most important at that, the decisions were only in the nature of political expediencies. May I be permitted to quote the words spoken in this house by Mr. Thorson, during the debate on the Hon. Mr. Cahan's bill (Ollivier, page 246): "The Privy Council has proved itself to be a court not of law but of political expediency".

Those who contend that the judges of our supreme court are not sufficiently independent and do not have the required legal experience to render final decisions which are fair, are

insulting our judicial body, as was pointed out a moment ago by the hon. members for Kindersley and for Beauharnois-Laprairie (Mr. Raymond). Those who venture to hold this view should not forget that in so doing they are undermining the very foundation of our democratic way of life. Indeed, in these troubled times, one of the cornerstones of our nation's faith in democracy is its confidence in our courts and judges. Yet, I go so far as to say that those who object to the elimination of appeals to the privy council are undermining democracy in the country. Its opponents are divided into two classes. I need not insist on the opinions of the imperialist diehards since this group is fast disappearing in Canada and amounts to so little that it is not worth mentioning.

Mr. ARSENAULT: Hear, hear!

Mr. LESAGE: However, those who, under cover of narrow provincial-mindedness, strive to preserve Canada's colonial status, err far more grievously. They try to maintain the right of appeal to the privy council in constitutional matters because they claim that since judges of the supreme court are chosen and appointed by the dominion government, they lack the fairness required to prevent them from favouring the federal body in constitutional issues involving the central government and the provincial legislatures. Experience has shown that in constitutional matters, the Supreme Court of Canada has agreed with the provinces about as often as with the dominion government. It has certainly decided in their favour at least as frequently, if not more so, than did the privy council.

I find in the 1939 *Canadian Bar Review*, a most scholarly article on the subject by R. F. McWilliams which shows the undeniable truth of what I have just asserted. Mr. McWilliams reviews the main constitutional cases referred to the privy council and draws the following conclusion which I quote:

(Text):

The score may be summarized as follows. Of the twelve cases which came to the privy council from the Supreme Court of Canada, the decision of the latter court was sustained in nine cases and over-ruled in three cases. In the cases sustained the Dominion claim was upheld in four cases and disallowed in one case. The provincial claim was upheld in four cases and disallowed in none. Of the cases over-ruled all three were on provincial claims, and these were sustained in two out of three cases.

Of the thirteen cases, which came to the privy council from provincial courts, the lower courts were sustained in five cases and over-ruled in eight cases. Of the cases sustained, one upheld the dominion right, three upheld a provincial right, and one disallowed a provincial claim. Of the eight cases in which the provincial courts were over-ruled, two upheld dominion claims, three upheld provincial claims and three disallowed provincial claims.

(Translation):

And a little further:

(Text):

The record as to the earlier judgments might be supplemented by reference to the judgments in the most important of the recent cases. In the aeronautics cases the privy council upheld the dominion claim and reversed a judgment of the supreme court, which was in part unanimous and in part by a majority of six to one against the dominion jurisdiction.

In the radio case the privy council upheld the dominion claim and sustained the majority of three to two of the supreme court.

In the six cases arising out of the "new deal" legislation, unemployment insurance and so on (1937 A.C. 326 and following) the privy council upheld the dominion claim in three cases and disallowed it in three cases but in every case sustained the judgment of the supreme court.

(Translation):

This in short seems to me conclusive evidence of the mistake made by those who claim that the privy council has proven a more reliable protector of provincial rights than the Supreme Court.

Now what about the way in which minority rights have been treated by the privy council? I shall merely recall what was just said by the hon. member for Beauharnois-Laprairie when he referred to the cases issuing from regulation 17 and the cases relating to the New Brunswick and Manitoba schools. Suffice it to add the famous case of The Board of Education for the City of Windsor vs. Ford Motor Company of Canada Limited and the Board of Trustees of the Roman Catholic Separate Schools for the City of Windsor. For the first time in its history, the Appeal Court of Ontario gave judgment in favour of the separate schools. The Supreme Court of Canada upheld the Appeal Court's judgment but the privy council, before which the case was brought, reversed the decisions of the Appeal Court of Ontario and of the Supreme Court of Canada, and the Windsor separate schools had to hand over the amount of taxes paid to them by the Ford Company.

The cases I have just mentioned are among the outstanding ones in which the Supreme Court of Canada and the privy council were both called upon to make a decision concerning the rights of minorities. The results would

appear to show that the privy council cannot be considered as a tribunal aiming at the protection of minorities.

Some hon. MEMBERS: Hear, hear!

Mr. LESAGE: Therefore we are bound to infer that the argument submitted by the provincialists to the effect that the upholding of appeals to the privy council guarantees the respect of provincial and minority rights is not based on historical facts.

Some hon. MEMBERS: Hear, hear!

Mr. LESAGE: Some very well-meaning people may, I imagine, have certain apprehensions with regard to constitutional difficulties between the central government and the provinces being finally decided by the Supreme Court of Canada, whose judges, sitting at Ottawa, are appointed and paid by the federal government.

It has been suggested, especially by the hon. member for Beauharnois-Laprairie, that constitutional cases between the federal government and the provinces be heard both by the justices of the supreme court and by the chief justices of the various provinces, in the capacity of *ad hoc* supreme court justices. That can surely be considered as a means, not of ensuring justice because I believe it is ensured by the integrity of our supreme court judges, but perhaps of reaching a compromise likely to dissipate the apprehensions entertained in that respect. On the other hand, before we endorse the bill introduced by the hon. member for Kindersley, I think we should not wait until the suggestion I have just mentioned or some other proposal along the same lines, is carried out. To my mind it is so urgent for a sovereign nation like Canada to remove the colonial humiliation implied by the existence of the right of appeal to the privy council that the passing of this bill should not be further delayed.

Besides, that fear which I consider unjustified arises from anomalous situations connected with the fact that our constitution is a statute of another parliament, which was passed when Canada was a colony. In some respects, the British North America Act is certainly inconsistent with the present sovereign status of this country.

As the hon. member for Bellechasse (Mr. Picard) stated in this house, in 1946, we shall face endless constitutional problems as long as we are devoid of a Canadian constitution enacted by the Canadian people as Canadian statutes.

Some hon. MEMBERS: Hear, hear!

Mr. LESAGE: In conclusion, Mr. Speaker, it would obviously not be expedient at this time to discuss the means whereby agreement could be reached between the central government and all the provinces, and between the whole population and its various sections, on the provisions of a Canadian constitution. I believe, however, that the problems relating to appeals to the privy council and those encountered in the matter of redistribution, unquestionably show that, if we are to maintain our sovereignty, we must find a definite solution. I realize that it involves no small task since a constitution could be drafted only through an assembly or a national constituent convention. Although the task is long, arduous, and difficult, I am confident that Canadian patriotism is now sufficiently developed. I am convinced that Canadians everywhere have enough love of country and pride in their country to seek all the prerogatives of full sovereignty.

Some hon. MEMBERS: Hear, hear!

(Text):

On motion of Mr. Church the debate was adjourned.

The ACTING SPEAKER (Mr. Beaudoin): The hour for public bills having expired, the house will revert to the business which was interrupted at six o'clock.

SUPPLY

The house in committee of supply, Mr Golding in the chair.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $234,297.

Mr. ROSS (Souris): Mr. Chairman, may I first of all make some references to these estimates for the Department of Agriculture. We have read and heard about many reports in which the Department of Finance has boasted of a surplus of well over $750 million in the past fiscal year. Bearing that fact in mind, I note that, while the estimates for the fiscal year 1947-48 amounted to $63,185,158.37, the amount for the fiscal year 1948-49 is only $41,822,602, showing a decrease, in the present year, of $21,362,556.37. That is an enlightening comparison in view of the greatest surplus in history about which the government as a whole

are boasting. I think there is too heavy a decrease in the estimated expenditures for the Department of Agriculture for the coming year. I know that many of us are asking for decreases in governmental expenditure, but I do not think that under present conditions there should be a decrease in this department. Our present per capita expenditure on Canadian agriculture is very much less than that of the United States. In the United States last year their expenditure on agriculture was, I understand, $1,247 million. Our population is approximately one-twelfth of theirs, and to be on the same footing we should be spending well over $100 million on agriculture this year.

As has often been pointed out, our own Canadian government has placed an embargo against beef cattle going to the United States. That was imposed in 1942 and still exists, and the beef producers of the west and their association are very much concerned lest they lose that natural market of theirs in the future. They have recently briefed the Prime Minister about it, also the Minister of Agriculture, the Minister of Trade and Commerce and the Minister of Finance.

This government has also placed embargoes against other agricultural products entering the United States. When you think of those embargoes and then consider that, according to the press, a statement was issued by the Minister of Agriculture the other day that we now have 48 per cent more meat in storage in this country today than we had a year ago—

Mr. GARDINER: I know the hon. member would not want to leave on the record a statement which is not correct. I am not criticizing him for putting it on, because the statement did come over the radio on Sunday morning that we had 48 per cent more meat in storage than we had a year ago. I immediately got in touch with those who put the statement on and it did not go out over the radio again or appear in the press. The report was inaccurate.

Mr. ROSS (Souris): I am glad to hear that. Can the minister tell us what the correct figure is?

Mr. GARDINER: I can get the exact figures but it was not anything like that. The 48 per cent increase was the amount of bacon hogs which were delivered in January of this year as compared with January of a year ago.

Mr. ROSS (Souris): Can the minister say where the radio and the press got their information?

[Mr. Ross (Souris).]

Mr. GARDINER: No. It was just a wrong impression that a reporter got from a statement which was made.

Mr. ROSS (Souris): I am glad to have the minister's correction, because the statement received publicity all across Canada. On the other hand I believe there is a lot of meat in storage and we should be glad to have the exact figures on that.

With respect to feed grain, I understand that there is a much greater quantity on hand today than there has been for many years. I understand from a report that there is a surplus of 10,000,000 bushels of barley. The minister will correct me if the report was inaccurate.

Mr. GARDINER: I think the statement was made on the radio that there was a surplus of 10,000,000 bushels of barley that was to be sold outside Canada, but the actual statement which the reporter said he made was that there were 5,000,000 bushels of barley and 5,000,000 bushels of oats, the two making 10,000,000 bushels, which was likely to be exported.

Mr. ROSS (Souris): I am glad to have that correction. We should like to have the exact figures, because I understand that there is a surplus of feed in Canada at this time as well as of meat. There is consternation among the coarse grain producers in western Canada, especially those who marketed their grain between August 1 last fall and the date of lifting the ceiling. The minister has said on several occasions that an adjustment would be made, but it is now seven months since the ceiling was taken off and many producers who sold their grain during that period are anxious to know when the adjustment will be made. It seems to me that they ought to be told, because at present confusion exists. There was a federal-provincial conference last fall and a plan was issued for the guidance of the farmers this year; nevertheless considerable confusion exists among western farmers as to what they should plant at this season of the year.

A question that is uppermost in my mind and in the minds of many people who have spoken to me is, what prospect have Canadian producers of marketing agricultural products this year through the Marshall plan? I believe that plan has been approved by the United States authorities, and I would assume that our Canadian authorities have been negotiating with United States officials. If no agreement has actually been signed as yet, perhaps the minister could give us some idea of what our agricul-

tural producers might reasonably expect to market through the Marshall plan. This information would be very useful to those who are about to proceed with their planting operations at this time of year.

If the minister would make a fairly full statement at this time I think it would tend to shorten the debate and save a lot of questions, and certainly it would facilitate the passage of his estimates.

Mr. KNIGHT: Would it be possible for the minister and his assistants to move nearer the agricultural centre of gravity in this house?

Mr. GARDINER: I shall be glad to do so.

Mr. WRIGHT: Now that we have the Minister of Agriculture among the farmers, we can get down to business. I agree with the hon. member for Souris that it certainly needs a little bit of explaining why there should be such a large decrease in the estimated expenditures for agriculture for the coming year. The decrease would seem to indicate that the government are satisfied that we have as efficient agricultural production as it is possible to have in this country, and that we have also a growing agricultural production in Canada. Neither is the case, if we take the government's own publications as our authority. For instance, 28 per cent of the farms in Canada today are subsistence farms.

The definition which I am using of a subsistence farm is one that produces less for sale than is consumed on the farm itself. There is a tremendous variation between different parts of Canada in the number of subsistence farms. Alberta has the lowest percentage, with 15 per cent; Saskatchewan, 16 per cent; Prince Edward Island, 40 per cent, and New Brunswick, 51 per cent. Anyone who has visited Prince Edward Island knows that province has a soil which is as productive as that of any other province in the dominion. Yet 40 per cent of the farms, to use the definition that I have given, are on a subsistence level. The 28 per cent of the farms of Canada that are on a subsistence level produced less than 10 per cent of the total marketed agricultural production of Canada; while 10 per cent of the most productive farms in the country produced over 30 per cent of the marketed agricultural produce of Canada. This indicates that there is need of a great deal of extension work, both in the federal Department of Agriculture and in the provincial departments of agriculture. There should not be such a variation in the production capacities of our farms as is indicated by these figures.

Probably we have a greater investment in agriculture in Canada than we have in any other industry. I believe that the investment in agriculture in this country should be protected in every possible way. We protect our investment in other great industries. Take our railways. When they show a deficit we are prepared to give them a 21 per cent increase in freight rates to protect their investment. Take our packing industry. The evidence given before a committee of the house would indicate that the capital invested in our packing industry is amply protected in Canada. The figures given there show that an investment of $2,500,000 made by Canada Packers when that company was formed some twenty years ago has today grown into some $86,000,000 without the investment of another cent by the company.

They paid off all their indebtedness in various forms, such as bonds which they had to issue during the early years of the amalgamation of the companies which went into Canada Packers. They built up millions of dollars of reserves in their reserve accounts. If the agricultural industry which has supplied most of the capital for this increase in the investment in these various industries, in our railways, in our packing industries, is not protected as it should be, then the drop in the expenditures indicated in the estimates for this year cannot be justified.

We should have certain objectives for our agricultural industry in this country. The first objective should, as I say, be to produce efficiently for optimum nutrition for all our people, and to produce all the possible raw materials for industry that industry might need from agriculture. Second, to establish for all workers in agriculture a standard of living comparable with that provided in the better organized urban industries, especially in relation to housing, educational opportunities and facilities in health and general culture. Third, to produce, over and above domestic needs, the maximum amount of agricultural commodities for export. If we had an agricultural policy in Canada which would meet these three requirements, then we would be much better off in the agricultural industry than we are today.

Let us see how we are meeting these three requirements: first, to produce efficiently the food necessary for nutrition in this country and to supply the export markets. We find strangely today that in agriculture, with some 100,000 young people returning from the

armed forces and entering that industry, our production is decreasing. I hold in my hand a current review of agricultural conditions in Canada for February, 1948. This indicates that inspected slaughterings of cattle during 1947 amounted to 1·3 million head, a decline of 22 per cent from 1946. There was a 30 per cent decline in western Canada and a 10 per cent drop in eastern Canada.

Take hogs. During 1947, 4,765,000 hogs were marketed in Canada, a slight increase over 4,465,000 marketed in 1946. However, in western Canada there was a 12 per cent decline, while in eastern Canada there was a 20 per cent increase.

I want to say something with regard to the policy of the government which has, during the last three years, practically wiped out the hog industry in western Canada. If there is one place where hogs can be produced efficiently and at the lowest cost it is in western Canada, where the grain for feeding is grown; yet we find that the policy of the government since almost the beginning of the war has been such as to re-direct the production of hogs in Canada from the west to the east. I have no objection to the increasing of hog production in eastern Canada to the maximum amount necessary to make good use of all the by-products of the dairy industry that can be fed efficiently in eastern Canada. But when we pay the subsidy on coarse grains that we are paying in shipping these grains from western Canada to eastern Canada, and these grains are used for the production of hogs in eastern Canada, then I do not see why the government should continue that policy. That policy is all right so long as these grains are used to increase the dairy industry in eastern Canada. Probably the dairy industry needs that subsidy. But when we find large quantities of this grain being used for the production of hogs in eastern Canada and, on the other hand, the production of hogs in western Canada declining where, by all measures of efficiency, the production should be increasing, then I think it is a wrong policy. The government should re-direct this policy.

We want to see some diversification in western Canada in the agricultural industry, and it seems to me that the production of hogs and poultry are two particular agricultural products which we can increase in that area of Canada, and produce more efficiently than they can be produced in any other part of the dominion.

Let us take a look at dairy products. Milk production in 1947 recovered from the decline of 1946. The production in 1947 of 17·2 billion pounds shows an increase of 1·6 per cent, but on the other hand we have a decline of 19·4 per cent in the production of cheese, and a somewhat similar decline in the production of certain other dairy products. I am convinced that, through the Department of Agriculture, we should have some program which will increase our production of agricultural products in Canada.

My second requirement was to establish for all workers in agriculture a standard of living comparable with that provided in the better organized urban industries, especially in relation to housing, educational opportunities and facilities in health and general culture. What is the picture in Canada with regard to facilities which we have on our farms? I hold in my hand the figures which were prepared by the Ontario government, "A Conspectus of the Province of Ontario", prepared by the Ontario bureau of statistics and the research section of the department of the provincial treasurer. This paints a pretty dark picture of the conditions that we find on farms in Canada today. Even in Ontario, which is probably the best agricultural province, the one in which they have the most facilities—

Mr. BOUCHER: The best province all round.

Mr. WRIGHT: I do not agree with that, although, due to its particular situation close to the large manufacturing centres, the agricultural industry in this province is in a more favourable position than that in any other part of the dominion. I think it will be agreed that even in good old Ontario conditions are not just as good as they might be.

For instance, over 50,000 Ontario farmers have no automobiles. We do better than that in western Canada. Over 160,000 Ontario farmers have no motor trucks, and over 140,000 have no tractors. Over 145,000 farm homes in Ontario have no means of refrigeration and over 160,000 farm homes in Ontario have no vacuum cleaners. Over 60,000 homes in Ontario have no radios and over 125,000 farm homes have no running water. Over 85,000 farm homes in Ontario have no telephones and over 130,000 are still heated by stoves, not having furnaces. Over 160,000 Ontario farm homes still have outside toilets and over 160,000 farm homes have no bath or shower equipment.

An hon. MEMBER: What are you reading from.

Mr. WRIGHT: It is a "Conspectus of the Province of Ontario," prepared by the Ontario bureau of statistics and the research section of the department of the provincial treasurer. This table gives the percentages for 1941 in all provinces.

Mr. BOUCHER: You do not realize that this is 1948.

Mr. WRIGHT: I do not think many of these facilities would be put in Ontario farm homes during the war, especially if you were doing your part in the war effort. I would ask the permission of the committee to place on the record the figures for all the provinces. I admit that Ontario is the best even with its needs.

Mr. HARRIS (Danforth): On a point of order, this request is antiquated and is out of date; it is not a legal request because the table is dated 1941 and this is the year of grace 1948. Even though Ontario had the best record in 1941, it would have a better record in 1948. Why clutter up the record with 1941 figures?

The DEPUTY CHAIRMAN: Unless the hon. member has unanimous consent, it would not be permissible to put the table on the record. Has the hon. member leave?

Some hon. MEMBERS: No.

Mr. WRIGHT: Then I shall simply have to give the figures for the other provinces. I know the Minister of Agriculture is anxious to get his estimates through but it will be quite easy to put the figures for the other provinces on the record. In Prince Edward Island 29 per cent of farm homes and buildings need external repairs. Only nine per cent of the homes have inside running water and only six per cent have electric lighting. Only 10 per cent are heated by furnaces and only 12 per cent have either mechanical or ice refrigeration. Fifty-four per cent of the homes have radios, 18 per cent have telephones but only two per cent have vacuum cleaners. Only 30 per cent of the farmers have automobiles.

In Saskatchewan 47 per cent of the farm homes and buildings need repairs. It will be realized that this is before the C.C.F. government came into power in Saskatchewan. Only one per cent of the homes have running water, while only five per cent have electric lighting. Only 12 per cent have furnace heating and only six per cent have mechanical or ice refrigeration. Seventy-two per cent of the homes have radios, while 33 per cent have telephones. Only one per cent have vacuum cleaners and 46 per cent have automobiles.

Mr. BOUCHER: But they have a C.C.F. government and they would not want anything more!

Mr. KNOWLES: Ontario will see the light some day.

Mr. WRIGHT: If the people in Ontario had percentages as low as that they probably would be wise enough to get a C.C.F. government to improve conditions here.

In Quebec 40 per cent of the farm homes need repairs and only 25 per cent have running water. Only 24 per cent have electric lighting and only 10 per cent have furnace heating. Only 14 per cent have refrigeration, while 36 per cent have radios. Sixteen per cent of the homes have telephones but only one per cent have vacuum cleaners. Sixteen per cent have automobiles.

I think these figures are sufficient to indicate the position of the farming industry today. Apparently my hon. friends in the Conservative party are not much interested in conditions on our farms today. They seem to be more interested when we are dealing with the packing industry. We do not have as many interjections when we are talking along those lines as we have when we are talking about the facilities in the farm homes of Canada. When you are referring to any other financial interest in Canada you do not have the interruptions you have when you talk about the position of agriculture. If my hon. friends would get up and defend agriculture they would be doing more good, instead of interrupting as they are.

Mr. GRAYDON: Come down to our province and see.

Mrs. STRUM: How many Tory members are there in Saskatchewan?

Mr. GRAYDON: How many C.C.F. members are there in Ontario?

The DEPUTY CHAIRMAN: I must ask hon. members to permit the hon. member to make his speech.

Mr. GRAYDON: Just playing politics.

Mr. WRIGHT: The hon. member for Peel talks about playing politics, but I do not know of any other hon. member in this house who does that more consistently than he.

Mr. ROSS (Souris): Or more successfully.

Mr. WRIGHT: I am not playing politics; I am just stating the position of agriculture in this country today.

Mr. ROSS (Souris): Seven years ago.

Mr. WRIGHT: The sooner we recognize that position the sooner we shall get legislation in this house that will be favourable toward agriculture and give agriculture in this country the position which it should have as the first industry and one of the most important in the country.

Mr. GRAYDON: That will not get one vote for Mr. Jolliffe in Ontario.

Mr. WRIGHT: At least the hon. member might come into the chamber to make his

interjections, and on this first item in agriculture he might attempt to do something for the farmer in Peel county which he represents. I admit that that is one of the best agricultural counties in Ontario.

If the agricultural industry in Canada were given an equal opportunity with other industries, I believe we should find that they would make a maximum contribution toward the welfare of this country, not only in raising our nutritional standards but in supplying more foods for export to other countries which need them at the present time.

The position in the world today with respect to food is serious. It is so serious that, because of discontent caused by malnutrition, we find growing throughout the world communism and a great many other things which we do not like and which we should like to see stopped. One of the best ways in which we can stop the growth of communism or any other ism is by the abundant production of food and the proper distribution of it throughout the world. I think the objective of agriculture in this country should be: first, the supplying of the nutritional needs of our own country, and then the production of the maximum amount of food for export to those countries which today need that food.

Mr. FAIR: It would appear that the question of agriculture is a little bit distasteful to some of the members of the house tonight; but I do not know of any group who can enjoy the products of the farm better than some of those who have been butting in on the speaker who has just taken his seat. While I am one who enjoys his eats just about as well as anybody else, I think the question of agriculture is of sufficient importance that we should give it the consideration to which it is entitled, and should give it its proper place in the Canadian economy.

I feel that agriculture, as it has been in the past and as it is now, will continue in the future to be the basic industry of Canada. In the past, agriculture has not had its proper share of the national income. The farmers on the land and those working for them have had a poorer standard of living than has any other occupational group in Canada that I can think of. I know that from personal experience, because I have been farming for more than thirty years and should know a little bit about it. I think also that every other profession in Canada is dependent, either directly or indirectly, upon agriculture. For that reason, I consider that all of us, whether we live on a farm, in a town or in a city, should give agriculture the attention to which it is entitled.

[Mr. Wright.]

I am sorry to see that the Minister of Agriculture has agreed to have the estimates for his department cut by about one-third this year. There is perhaps some excuse for it. Perhaps the autocratic treasury board would not allow him any more money. But I feel that he and we should protest against the cut in the estimates.

While many people today consider that agriculture is really prosperous, I could give an entirely different picture. If those people to whom I have referred took the trouble to investigate the real position of agriculture today, they would find that it is not nearly as prosperous as some people would lead us to believe. While the farmers have today reduced their debt much below what it was at the time war broke out, I am quite satisfied that if the farmers were to put their buildings and their machinery in as good shape as those things were in 1939, there would not be so much money for paying off debts as some people imagine. The farmers of this country have not been able, during the past seven or eight years, to buy the machinery they require. For that reason they have been compelled to produce with dilapidated machinery such as tractors and other implements. Their buildings have gone down in condition, and it will take many thousands of dollars to bring them up to the state of repair at which they were at the time war broke out.

Again I feel that while we have accepted, and are still accepting, prices below those to which we are entitled, we have not yet done anything in fact about stabilizing the agricultural industry in the years to come. That is one of the main things about which we should be concerned at the present time. Again, while the price of butter has gone up a little bit, and there is a battle on by some people who apparently are interested in the production and sale of margarine in Canada, I feel that butter is not selling at a higher price than that at which it should be selling. But because, during the depression years and during the early years of the war, butter sold at a low price, many people believe that it should continue to be sold at that low price, even although the wages of all the workers in Canada and the incomes of other people as well have increased considerably during the past seven or eight years.

I do not intend to say much more in this connection, but I consider that we should all work toward a policy of stabilization which will give agriculture the place to which it is entitled in Canada; because, if we have not a successful agriculture, we cannot have

success in other parts of Canada. We were told in 1938 that agriculture in the prairie provinces absorbed 69 per cent of the farm implements that were manufactured in central Canada. If we are to be able in the future to purchase our share of the farm implements and other things that are manufactured in central Canada, then we must see to it, whether we live on the land or not, that we are given an agricultural policy which will guarantee prosperity on the farms in all parts of Canada.

Mr. GARDINER: One representative from each of the three groups opposite has spoken with regard to the estimates, and probably I should deal with the general criticisms that are made before we go farther. It has been pointed out that there has been a decrease in the estimates, in the figures as shown. The summary is on page 7 of the main estimates. The ordinary expenditures of the department are in round figures, $18,600,000 this year. They were $17,000,000 last year. So that under ordinary expenditures there is an increase of $1,579,000. Then, on the specials, there is $8,865,000 this year and there was $15,433,000 last year, or a decrease of $6,567,000. Then, under demobilization and reconversion there is $14,298,000 this year and there was $30,672,000 last year, or a decrease of $16,374,000. The figures show a total for 1948-49 of $41,810,000 as compared with $63,173,000 last year, or a decrease, as has been indicated, of $21,362,000.

While it is true that there has been a considerable decrease, it will be noted that there is not a decrease in the items that were voted prior to the war. There is a marked increase in the ordinary expenditures under agriculture, and the specials are of such a nature as to indicate that this is not unexpected. They are all noted in the items that are voted. There is a reduction of $7,773,000. The first item is to authorize and provide for the payment of subsidies on oats and barley used to feed livestock; and since those subsidies have been removed and are now part of the price of the grain, that figure is down by $6,000,000. Next is prairie farm rehabilitation and water storage, which is down $1. Then comes the amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board, $171,053. That, of course, was an amount taken out last year in order to cover certain items for which we could not secure the money elsewhere. The next item is to authorize and provide for the payment of subsidies on oats and barley used as feed for livestock under vote 715, $1,600,000; and to provide for a grant to the Federated Women's Institute of Canada, $2,000. It will be noted that $7,600,000 out of the $7,773,000 is in connection with reduced subsidies on feed grain, so that no further explanation is required to indicate the reason for the reduction.

Then, under demobilization and reconversion there is an item covering the appropriation not required for 1948-49, $6,035,625. This is made up as follows. Under the Agricultural Prices Support Act, the agricultural board, $2,030,000; agricultural supplies board, $42,700; to encourage the production of essential supplies, $102,250; food administrator, including freight assistance on western feed grains, $21,000,000 voted for 1947-48, less $18,000,000 only required for 1947-48, leaving a balance of $3,036,875 not required. Then there is the vote for the fertilizers and pesticides administrator, including subsidies on lime and bulk purchasing of fertilizer chemicals, $618,300, and for the seeds administrator, $205,000. It will be noted that the greater part of the reduction is $3,036,000 on freights paid on western grain; but as a matter of fact, since these estimates were prepared, I have announced that we will continue the freight payments for the year 1948-49, which will mean that, instead of a reduction, the sum of $16,000,000 will have to be added to this item.

That pretty well takes care of the reduction we have been talking about. Some $16,000,000 additional will be required in order to continue to pay the freight, since in these estimates we have provision for the payment of freight only until August 1 next, an amount of about $7,000,000. We shall require over $23,000,000, however, to pay the freight from Fort William east on an amount of grain similar to what was shipped last year, though we estimate that the amount of grain will be greater this year, the chief reason for the increase being the 21 per cent freight rate increase. Therefore we anticipate that the total this year will be $23,000,000 instead of the $18,000,000 last year. I should have said, of course, that we pay the freight not only from Fort William east but also on grain moving west from Calgary and Edmonton to British Columbia. So that our estimates for this year will not be very much below the figures of last year.

I believe that is sufficient to indicate that there is very little difference, and where any difference does exist it is entirely a matter of doing away with some of the expenditures we were making during the war, but which are not now considered necessary. In saying that, I might emphasize that this is quite a different picture from that of some thirteen years ago. Then the expenditures on agriculture had been gradually reduced until they were at a very low level, and from that time up to the present

they have greatly increased. I remember attending a meeting in the city of Toronto after I had been minister for one or two years. One of the daily newspapers devoted a whole page to an attack upon myself, in which they asked me to explain at a public meeting why I should have spent $20,000,000 in the Department of Agriculture. Tonight I am being criticized, by some of the same people who were criticizing an expenditure of $20,000,000, for spending only something over $40,000,000 this year.

Mr. WRIGHT: No, it is not the same people.

Mr. GARDINER: I am not very much concerned about the criticism at either time. The expenditures have been gradually increasing on matters considered essential to agriculture.

Mr. ROSS (Souris): Who were the people? Not those who are here tonight.

Mr. GARDINER: Well, in any event they represent some of the same people; I think most of the Toronto seats are represented over on that side of the house. I have just been handed the exact figures of the expenditures of this department from that time. For 1934-35, the year prior to the time I brought estimates into the house, the expenditures amounted to $7,106,000.

Mr. WRIGHT: Who was in power then?

Mr. GARDINER: Well, I was not. In the following years the expenditures increased. In 1935-36 the total was $9,637,000. In 1936-37, the first year I had charge of the estimates, the expenditures went up to $13,375,000. The following year they were $33,204,000, and the next year, $22,367,000. In 1939-40, the first year of the war, they were $26,000,000, and since then have been as follows, in round figures:

1940-41	$ 21,000,000
1941-42	82,800,000
1942-43	58,000,000
1943-44	110,000,000
1944-45	104,000,000
1945-46	110,000,000
1946-47	95,000,000

When one compares present expenditures with those in the middle of the war, which, of course, included a great many activities not now being pursued, the present expenditures are comparatively low. But when one compares them with the expenditures in any year prior to the war they are still quite high; and in addition to the total of $41,000,000 for this year we shall require another $16,000,000 in order to take care of the freight payments I mentioned a moment ago.

[Mr. Gardiner.]

Mr. FAIR: Then the minister expects that we shall get rid of the snow that blankets the west at the present time?

Mr. GARDINER: Well, snow does a lot of good sometimes.

Mr. FAIR: At the right time.

Mr. GARDINER: And I think the right time is just before seeding. Something has been said with regard to the condition of agriculture. I am not going back over all the figures with regard to the production of cattle, the production of hogs, the production of poultry and eggs, the production of milk and so on. But I would suggest that if one would leave out the war period in making comparisons he would probably have a much sounder basis from which to reason than if he were to continue to compare the production of some particular commodity now with its production during the war.

For example one of the favourite criticisms which comes from the central part of the opposition is that at one time we paid the farmers to stop producing certain things. We paid them $4 an acre to take land out of wheat and put it into some other product. It is obviously unfair to compare the production of those years in livestock, which was encouraged by the payment of the $4 an acre, with production of livestock in years now, when the war is over, and we have gone back to wheat production, and when there is not that encouragement given to change over from wheat to livestock.

So I say we are on much sounder ground when we compare the results of farming in 1946 and 1947 with the results of farming in the years prior to the war, or at the latest the first two years of the war.

Mr. WRIGHT: Does the minister not think we should diversify our agriculture in western Canada?

Mr. GARDINER: Yes; and if the hon. member for Melfort would make his comparison as between the present time and the time prior to the period when we were paying farmers to change over from wheat production to livestock production, he would find that the statement he made a few moments ago was quite ridiculous. I refer to his statement that the records would indicate that the government, or even the farmers themselves, have been changing over from the production of hogs to such an extent that the farmers have almost entirely gone out of hog production. That statement is not borne out by the facts at all. Saskatchewan has not gone out of hog production. Alberta has not gone out of hog production.

As a matter of fact, as my hon. friend knows, during the years when we were paying western farmers to go out of grain and into livestock the provinces of western Canada produced hogs as they had never produced them before. They were producing far more hogs in the west than anyone ever expected them to produce.

Criticism has been made that we are encouraging the farmers of eastern Canada to feed western grain to hogs. Well, I am not able to follow the two criticisms as being in the interests of agriculture in this country: one to the effect that we should still be doing in western Canada what we did at the peak of the war in order to get hog production up, namely, that we should be paying to have land changed over from the production of cereals to the production of livestock, so as to have mixed farming in western Canada; and then in the next sentence, a criticism of the government for, at another period, as well as at the period in question, giving assistance to eastern farmers to encourage them to feed western grain to livestock.

My hon. friend knows as well as I do that a great many of the farmers in western Canada prefer to produce grain. Not only do they prefer to produce grain, but they think they can make more money producing grain, under ordinary circumstances. And the only one thing that took them out of grain for two or three years during the war was the fact that that grain could not be sold. We were not able to sell wheat in 1941, 1942, 1943 and 1944 except to Great Britain. And we were growing much more wheat than Great Britain could eat. For that reason, and because the farmers had to have money, and because they could not get that money with their grain lying in their own bins or in elevators, we paid them to take their land out of wheat and to put it into feed grain for the purpose of feeding livestock. We told them that they should sell livestock; that they could sell it every day of the week, and get cash for it. So they did that.

Surely no one is suggesting that government should be carried on on a basis of that kind during a period of peace, during a period when the whole world requires and wants cereals even to the exclusion of meat in many parts of the world. They prefer to have cereals. And when we have cereals to sell, and have farmers who are producing cereals, and doing it very well, they themselves prefer to sell that grain to farmers in other parts of Canada who are going to feed it to livestock. Anyone who has lived among the farmers of western Canada knows that to be the case.

I remember the leader of the official opposition appearing in Montreal—I believe it was in 1938—and making a speech which appeared in the headlines across Canada, in which he stated words to the effect that this country ought to be, or was actually, divided into two areas, one west of the lakes and one east of the lakes; and that in the best interests of agriculture in this country the western farmers ought to be encouraged to produce more and more grain, while the eastern farmers ought to be encouraged to produce more and more livestock.

There is an element of truth in that. The argument was well received by farmers in both ends of Canada. We on this side of the house have sometimes said similar things; but we have never suggested that we ought to give all the assistance to people at one end of Canada, whether it was the east or the west. We have always argued that we should divide up the assistance. And if at certain times we have given assistance to western farmers to do certain things, at other times it might be in the interest of Canadian farmers that we give assistance in order to direct production into some other line.

But the most important fact in connection with anything done with regard to agriculture is the return the farmer gets. We hear a great deal about the position of agriculture, and how poorly off the farmers are. But I just wish to say that, while the farmers are not in the position, financially, in which I should like to see them right across Canada, nevertheless they will acknowledge that in all parts of Canada they are, on an average, in just a little better position at the present time than they have been at any other time in their history. I am not saying that is as good a position as they ought to be in—I repeat that statement—but they are in a little better position at present, financially, than they have been at any other time in their history. The figures indicate that.

I am not going to go back many years. In 1941 we had about as high a return from agriculture production, on a cash basis, as we ever had in Canada up to that time. The return in that year was $967,600,000. The highest year we had ever had before that was 1928, with $1,063,000,000. Just in the second year of the war we had almost reached the highest figure we had ever had in Canada in returns from agricultural production. Then the next year we passed that highest figure. In 1942 the amount was $1,155,900,000, and the next year we went up to $1,441,000,000.

An hon. MEMBER: Is that the gross figure?

Mr. GARDINER: Yes. The next year we went up to $1,846,000,000; 1945, $1,704,000,000; 1946, $1,759,000,000 and 1947,— last year—$2,213,900,000.

Mr. WRIGHT: Would the minister indicate what part of that $2,200,000,000 was for payment on other crops than grain in that year?

Mr. GARDINER: This last year there would be very little, because our bins were empty, or as empty as we can ever get them, at the end of the crop year 1946, so anything that was obtained in the crop year 1947 was obtained largely from production in that year. But there was not only an increase in grain production; there was an increase in livestock production, and an increase as well in prices. The figure of $2,213,000,000 is to be compared with the highest figure that we ever had in the history of agriculture in Canada in the best period before the war, between 1926 and 1929, when the figure was $1,063,000,000.

Someone has said: Are those gross figures? Yes, they are. But I have also the net figures, and the net figures are, of course, of greater importance than gross figures in considering a question of this kind. We hear it constantly said that we are paying more for our implements, more for wages and many other things, and because we are paying more, the gross figures do not mean very much. But when we take the net figures, what is the position? I shall take only a few back along the way and come down to the present as soon as possible.

Back in 1938 the net income of our farmers right across Canada was $387,000,000. Coming down to 1940, it was $529,000,000; in 1941, the same year I began with when covering gross returns, it was $597,000,000; in 1942, $1,104,000,000. It dropped in 1943 to $990,000,000. In 1944 it went up again to $1,226,000,000; 1945, $1,003,000,000; 1946, $1,267,000,000; 1947, $1,259,000,000.

Mr. ZAPLITNY: Would the minister give us the figures on the basis of the average per farm operated?

Mr. GARDINER: I have them here and could search them out, but I had not intended to go that far. I think it would be better to give them to the committee at some other time rather than take the time now.

The figure of $1,267,000,000 for 1946 is the highest net return, and very much the highest, which the farmers have ever had in Canada. The figure of $1,259,000,000 for 1947—that is the present estimate; it is not yet brought to a finality—is almost equal to the 1946 figure. There is very little difference between them. I think that should be conclusive evidence that the farmers have been doing a little better in the last three or four years in Canada than they have done at any other time in their history.

Again I repeat that I agree with members who say we ought to do all we can to see that they do better still, but I do not think it is helpful either to agriculture or to Canada to be continually saying agriculture is going down and down rather than going up and up and up, because the facts are the very opposite to those pictured by the members of the C.C.F. when they speak on this question.

I was reading the other day—and on another occasion I shall bring this to the attention of the house if the discussion follows the line which it has up to the moment—a comparison of the figures per farm in the different provinces of Canada which was put out by the Dominion Bureau of Statistics only last week, from which it will be found that some statements which were made with regard to 1941 do not, as hon. members over in the Conservative section of the house were pointing out, apply to 1948. The situation in the different provinces has improved all across Canada, and I should like to say that the statistics indicate that the farmers have made more improvement in the areas which have stayed with livestock. Because of that fact, I agree with the hon. member for Melfort that we should encourage in western Canada, as far as we possibly can, the production of more and more livestock products. I agree with him that we as farmers would make more money in western Canada if we fed all our grain to livestock, but I am not so sure that we would enjoy life any better than we do farming as we are at the present time.

We have a great many farmers, just as we have a great many other people, who are not spending all their time trying to make money, and I cannot understand my hon. friends of the C.C.F., who are against anybody making profits, talking the way they do. They are not supposed to be in favour of people making profits. They speak rather in terms of people enjoying life, having an opportunity of living a fuller and a better life. I am sure there are many of us who belong to other parties who, whether we preach that doctrine or not, act that way in our living. We are not so anxious to make money as to be talking all the time of the fellow who spends all his days and nights thinking of ways of making more money. I do not agree with my hon. friends of the C.C.F. that the profiteers are living the best life in the world. I think some of us who are not spending so much time thinking about making money are getting

through life, not only with greater happiness to ourselves but with greater benefit to all the people round about us. And so I suggest that when we discuss agriculture we discuss it from the point of view of what the farmer is really getting out of what he is doing on his farm.

I agree that it would be much better if we had more bathrooms and more electric light on the farms.

Mr. WRIGHT: Do you not think we would get more out of life if we had them?

Mr. GARDINER: Sometimes, yes. When I go out to my farm in the summertime and find the waterworks out of condition, I have to become the chap who works down underground, but when I am in the city I do not do that. Some of our farmers perhaps prefer the system to provide water which they have on their farms, and sometimes the supply of water they get is better than if they had some other system.

The same is true more or less about electricity on the farms. It is the simplest thing in the world to have electricity on a farm in western Canada, and I can never understand why more farmers do not have it? It does not cost half as much to have electricity on the farm in Saskatchewan as it does to own and operate a car; I do not think it costs 25 per cent as much. All you have to do in the part of western Canada in which I live is to pay $150 for a windmill—

An hon. MEMBER: You have the wind.

Mr. GARDINER: We have the wind, yes. Pay $150 for the windmill; put a generator on top of it; put a set of batteries in your basement, and you can have just as good lights as you have in this chamber. Not only that, but you can have a pressure tank to pump your water up to the top story, and not only that, you can have lights in all your buildings as well as in your home. But I think some people prefer to drive cars and do some other things rather than have what some of my hon. friends of the C.C.F. think they ought to have. My experience with farmers has been that if you give them an opportunity to do things they will do the things which they themselves think benefit them most.

I have found, during the time I have been administering a department either here or in the west, that a great many people do not take kindly to being told what they ought to do. There are things they can do, and I like to tell them some of the things that can be done, but I do not like to go so far as to say that they ought to give up some one thing on which they are spending their own money in order to invest it in something else. But they can get the equipment which has been referred to by hon. members tonight much cheaper than most farmers realize in western Canada. We like to talk about irrigation developments; we like to talk about waterpower developments and great expenditures of money. We have got into that habit, but I would not care how close a power line was to my farm, I would not put electricity on to the farm from a power line.

Some hon. MEMBERS: Oh, oh.

Mr. GARDINER: I have better equipment without it, and at half the cost.

Mr. WRIGHT: Oh, no.

Mr. GARDINER: You had better come around and visit me some day and I shall show you.

Mr. WRIGHT: The figures do not show that. I have it on my farm as well, and I know the difference.

Mrs. STRUM: Is the minister aware that it costs approximately $500 to get a refrigerator which runs on kerosene?

Mr. GARDINER: I do not run mine on kerosene; I would run mine off this windmill that I am talking about.

Mrs. STRUM: I have one of those windmills too, but I have not yet found a satisfactory refrigerator arrangement that will work off it. In my part of the country, if you wish refrigeration you have to buy one of these refrigerators the entry of which the Minister of Finance has prohibited.

Mr. GARDINER: You can get a 32-volt refrigerator that will operate all right off wind power, and you can get a 110-volt one for that type of plant. You can get a 110-volt refrigerator just the same as you have in Ottawa and operate it.

Mrs. STRUM: Will the minister admit that every time the motor starts up, the battery has to start on the 110 volts; that every time you turn the switch, you have to start your engine, and you get into a lot of trouble? Then you have to take out your plant and send it away; they fix it, and then it comes back and goes on the blink again.

Mr. GARDINER: You have a poor plant. I have had one for fifteen years. The one I have at the moment I have had for three years. We have never even had to go up on the windmill. The plant runs all the time without any difficulty. Therefore it will be seen that it is not a bad plant. Farmers who operate them know very well that they do give good service, and particularly in the section of the country in which we live.

Mrs. STRUM: I do not find that.

Mr. GARDINER: Again I would invite you over to my place, since you are not so very far away, and we shall have a look at it.

An hon. MEMBER: Why not invite all hon. members to come?

Mr. MILLER: Will the minister permit a question?

Mr. GARDINER: Yes.

Mr. MILLER: The minister has invited several hon. members to visit his farm. Last week the Toronto board of trade gave us all an invitation. Is he going to invite us all to visit his model farm?

Mr. GARDINER: My farm is not exactly a model farm, but it apparently is a little better than those which some of my hon. friends in the C.C.F. try to picture as the farms in Saskatchewan. However I should like to leave a little different picture in the minds of hon. members and in other parts of Canada than is usually given by hon. members who sit over in the C.C.F. section.

Mr. WRIGHT: The minister has a different type of income on which to work his farm than have most people in western Canada.

Mr. GARDINER: My farm will operate on the income that comes from that farm, and so will the farm of my hon. friend, as he knows.

Mrs. STRUM: I have one question which I should like the minister to answer. Will he not admit that it is much more difficult to get the equipment to run off these power plants which are relatively limited, the 32-volt or the 110-volt, and will he not admit that they are much more expensive and much more difficult to get repairs for than the power cycle?

Mr. GARDINER: I said a moment ago I did not find them very expensive from the point of view of repairs. In the last fifteen years I have had only one set of equipment. I have had the same washing machine, the same toaster, and so on. I could go through the whole line of equipment.

Mr. WRIGHT: And the same batteries?

Mr. GARDINER: Well, we get new batteries about every seven years. I have had the same pumping equipment and I have not found it at all expensive, not any more expensive than any other equipment of that kind that is put on a farm.

Mrs. STRUM: What about the initial purchase price?

Mr. GARDINER: The initial price of the plant is about $1,400 under present high price conditions. The 32-volt equipment is higher than the 110-volt, but the 110-volt equipment is exactly the same price, whether you purchase it in Ottawa or on the farm.

Having said these things, I wish to complete my remarks by repeating that I do not think, in discussing these estimates, we are going to help the farmer by trying to make out that our farmers are not better off in Canada today that they were in previous times. I can agree with those who argue that they ought to be still better off, but I do not like to see our country pictured as one in which farmers are getting along so poorly as some people are trying to picture here.

Mr. ROSS (Souris): I asked the minister a question or two which he did not deal with; whether he agrees with it or not, can he give us some lead at this time as to what might be done with respect to marketing agricultural production through the Marshall plan, and whether there has been any preliminary discussion that he can tell us about now?

Mr. GARDINER: I purposely did not say anything about it because the arrangements are not finally concluded. As hon. members know, the Minister of Trade and Commerce is now in Washington discussing that question. My understanding is that even the offices in Washington are not yet equipped to get on with the task of deciding what is to be done in the different areas. The offices are not staffed up to date. Hon. members will probably have noted that the minister met the administrator in the Canadian embassy last night. That is not just an accident. They have not yet their offices established and their staffs set up. I am not going to attempt here tonight to discuss what will be done when they have their full organization set up to deal with it; but I can say this: press reports coming back from Washington this morning appear to indicate that a very liberal provision is likely to be made for handling Canadian food products.

Mr. ROSS (Souris): Probably within the next few months?

Mr. GARDINER: Well, I would think we would not run into any great difficulties within the time that it takes to have the organizations set up.

Mr. ROSS (Souris): The other question had to do with oats and barley that were marketed last fall. I do not think there is another item in the estimates on which I could ask this question. The minister might make a statement on that now.

Mr. GARDINER: With regard to the oats and barley items, the companies that have already paid something in addition to the price paid prior to October 21 are as follows: the Pioneer Grain Company paid twelve cents on oats and ten cents on barley. In making that announcement they said that was an interim payment. In other words, they suggested that there might be more paid by that company. I do not know whether they would say that today or not. They were the first to announce their decision. The National Grain Company paid 10⅛ cents on oats and 14¼ cents on barley; the Canadian Consolidated paid 11⅛ cents on oats and 13⅛ cents on barley; the Western Grain Company paid 9¾ cents on oats and 9¼ cents on barley; the Federal Grain Company paid 10¾ cents on oats and 13½ cents on barley; the Alberta Pacific Grain paid 10½ cents on oats and 13¼ cents on barley.

None of the wheat pools has yet made payments, and a number of other elevator companies have indicated that they are going to make payments but have not yet made them. The last discussion which I had with any of this group directly was with the Saskatchewan pool. They are probably the largest dealers in oats and barley in western Canada. Their suggestion was that they would not be able to give us final information as to what they would be paying until after they had dealt with their May options. I presume that that is within the next month or so. We do not feel that we should proceed to consider what the government ought to do until we at least know what the three pools will do. They handled about half of the feed grain that was marketed in western Canada. Then, other companies are quite large operators as well. We hope within the next month or six weeks to have full information from these companies—they are paying out their share of it—and then we can determine what the government's share is and have these payments made.

Mr. HERRIDGE: I have a few remarks to make on various items of the agricultural estimates, but on this item I briefly wish to draw to the attention of the minister and the committee one matter that is of serious concern to the fruit industry of British Columbia, and particularly certain fruit growers in my constituency. I refer to the loss of the British preference on apples. Over a period of forty years we have been developing a fruit industry in the district which I have the honour to represent. We happen to have a particularly fine climate that produces a high quality of people and first-class fruit. For thirty years the officials of both the dominion and the provincial departments of agriculture have advised our people, particularly those in the Kootenays, to plant certain varieties because it was proved that we could grow those possibly to better advantage than anywhere else in Canada. I refer to Cox's Orange Pippin and the Jonathan. The British people have a great liking for the Cox's Orange Pippin, while the poorer districts are fond of the Jonathan because of its medium size, high colour and solid flesh and particular flavour.

A considerable number of orchards were developed on the basis of the recommendations made by the officials of the dominion and provincial departments of agriculture. Unfortunately it is not easy to change one's horticultural habits. Over a matter of years these growers have developed orchards which produce from 1,000 to 10,000 boxes a year of these varieties. This product went largely to the British market under the benefit of the preference. The Canadian people have not to date taken to the Cox's Orange Pippin or to a great extent to the Jonathan. I mention this because it is a serious thing to the fruit industry in British Columbia and particularly to the growers of certain varieties in my district. I should like to quote from a press release on the multilateral trade agreement among seventeen countries which was issued on November 17, 1947. Dealing with the loss of this preference, it states:

> Apples. One of Canada's most important contributions to the general agreement on tariffs and trade which has for its purpose the reduction of tariffs, the elimination of tariff preferences and other trade restrictions is the relinquishing of the apple preference in the United Kingdom. Canadian apples have always enjoyed free entry into the United Kingdom market. Through the Ottawa agreement in 1932 a duty of 4s. 6d. per hundredweight was imposed on non-empire apples. In the 1938 trade agreement between the United States and the United Kingdom this duty was reduced to 3s. per hundredweight for the period August 16 to April 15. At Geneva, Canada agreed to the elimination of the apple preference during the northern hemisphere marketing season so that now apples from all sources enter the United Kingdom market free of duty from August 16 to April 15 inclusive. During the balance of the year the duty continues at 4s. 6d. per 112 pounds.
>
> Compensation for the apple concession is obtained mainly from the United States but it cannot be matched with any single item among the United States concessions. It is a part of a mutually advantageous agreement between Canada and its neighbour and other contracting parties.

It seems to us that sufficient consideration has not been given to the position in which a considerable number of fruit growers have been placed. It would seem as though their interests had been sacrificed to some other economic interests in this country and the

United States. On January 20, 21 and 22 of this year the British Columbia Fruit Growers' Association held a convention. This convention was addressed by Mr. A. K. Lloyd, chairman of Tree Fruits Limited, which is our central marketing organization. He had this to say about the imperial preference:

> Under the empire trade agreement effected in 1932, we enjoyed a preference of 39 cents per box in relation to non-empire countries. In January, 1939, this was reduced to 26 cents per box.
>
> These preferences benefited the Canadian apple industry in at least two important ways:
>
> 1. It insured an outlet for all of the apples Canada wished to export.
>
> 2. It obtained for Canada a higher price than was being quoted by competing countries, and while not increasing our price to the full extent of the preference, it conservatively produced from 15 cents to 20 cents per box more than would have otherwise been secured.
>
> This empire preference, and the increased prices derived therefrom, can largely be credited with keeping the apple industry in Canada alive during the thirties.
>
> Under the agreement just concluded at Geneva, these preferential rates have been completely abolished, so that if and when there is re-entry in to the United Kingdom, Canada will be in open competition with world apple producers.

The tree fruit growers of British Columbia feel that they have not been properly considered in this matter. As I pointed out before, when a man has spent a lifetime growing certain varieties on the recommendation of dominion and provincial officials, when he has a large investment of labour and capital expended in the growing of certain varieties and then suddenly finds himself practically cut off from a market through the loss of this preference, it seems to me that he has a right to complain about not receiving sufficient consideration.

I should like the minister to explain if he can why our officials agreed to the loss of this preference, because apparently it was done with the consent of the Canadian officials at Geneva without any reference to the tree fruit industry of British Columbia. The industry is entitled to an explanation from the minister.

Mr. MILLER: I have only a few remarks to make, which arise mainly out of the speech made by the minister. I think the minister came pretty close tonight to telling western Canada farmers that he wanted them to stay in the hog business. I think that will be surprising news to many of the farmers in the locality from which I come.

The minister also made some play, and perhaps effectively, upon the fact that hon. members to our left picture the farmers as being in a state of semi-poverty, or words to that effect. The minister has been guilty, during the last two sessions at least, in overplaying the prosperity of the farmer. I do not think anyone will deny that in western Canada—and perhaps this is true of all Canada—the farmers are in better shape than they have been for a long time, if not at any time in history. I think in fairness it must be admitted that the farmers had their innings coming to them after what they had gone through in the years preceding the war.

Most of the farmers' prosperity resulted from the war, but by reason of certain policies of the government which the official opposition have criticized to a great extent they are not nearly as well off as they otherwise would have been. I think it is true to say that the farmers of western Canada have not had an opportunity to build up reserves for the years to come.

Because of a shortage of materials during the war, they were not able to obtain the mechanized equipment or to erect the buildings that they needed. If the farmers had been able to build up the reserves they needed they would have been in a position now to obtain this equipment and erect these buildings. Those reserves would have been possible if they had been allowed to secure the prices they should have got.

I do not agree with the minister when he says that hydro is not a valuable thing for the farmer.

Mr. GARDINER: I did not say that.

Mr. MILLER: No, you did not say that.

Mr. GARDINER: I said it was not as valuable on my farm as what I have.

Mr. MILLER: Yes. The minister preferred the windmill. But I suggest that the farmers of Manitoba, at least, would not. And so far as their judgment on that score is concerned, I am afraid, if I had to choose between the minister and the farmers of Portage plains, I would have to take the judgment of the farmers of Portage plains. They are almost fighting to get the hydro into their farms. As the hon. member for Souris reminds me, I think that is true in other parts of the country than Manitoba. I think they are entitled to the hydro, and the sooner they get it, the better off they will be. Their work will be easier and so on.

The minister has said that the farmers have had a greater gross income, and also a greater net income in the last few years than ever before in their history. I am inclined to think he is perhaps right in that, because I am sure the figures he quoted would be official figures

of some sort. I am also prepared to admit that probably he can produce figures to show that individual farmers are better off. But what is the reason for that? It is that the west, or at least in parts of it, we have had about seven exceptionally good crops which have been raised under pressure during wartime, and there has been the means of disposing of and turning those crops into cash which has boosted the returns beyond what they normally would have been. But even at that, the results are good.

But what other business similarly has not had good results? If the return is compared with that in other businesses, I do not think it will be found that the farmers have shown as great a percentage of gain as have other businesses in western Canada or in other parts of Canada. But even if they have, and even if I am entirely wrong in that argument, let us say this. The farmer today in my part of the country has the greatest capitalization he has ever had in the history of farming. He has invested more money in expensive machinery which he uses only for a short time in a year, which eliminates a good deal of expense for hired help and so on. With a combine and the field tillers and so on he can do more work with less help. His expenses have become less as a result of that. It is therefore only natural to suppose that his net will be much greater than it was ordinarily.

I think it is an important point to consider that, in order to earn the increased net about which the minister has boasted, and quite properly, the farmer's capitalization is today perhaps many times more than it was ten or fifteen years ago. Any business that increases its capitalization would be a poor one indeed if it could not increase its net, particularly when that increased capitalization has the effect of cutting down out-of-pocket expenses such as wages and so on.

I wish the minister would clarify or perhaps even retract the suggestion he makes that western Canadian farmers want to make their money the easy way; because I do not believe that in any shape or form the farmers of western Canada have ever looked for that or ever expected to make money in the easiest possible way. That old saying which perhaps prevails even yet in some parts of of the east, to the effect that the western Canadian farmers grow a big crop of wheat in a few months and then go off to California or Florida, is pretty much a shibboleth. That is a story I have heard ever since I was a boy, but I have not seen many farmers who were able, more than once in their lifetime at least, to go to California and to spend the winter there. I do not think they would go to Florida when they could go to California if they wanted to. But I do not think that is the situation in the west. I think the western Canadian farmers are willing to produce hogs or cattle, and are willing to work or do anything; but I maintain that they are not willing to produce hogs or cattle if there is no profit in it for them for doing that.

Mr. AYLESWORTH: There is a certain amount of profit in it.

Mr. MILLER: I am talking about western Canada.

Mr. AYLESWORTH: I have not yet seen in my life a western farmer in this house who was satisfied.

Mr. MILLER: That is true. Perhaps the hon. member is right. But there will come a day, if enough of us in parliament continue to stick with the western Canadian farmers, when they will get their rights and when they will be satisfied.

Mr. AYLESWORTH: I do not know when that time will ever come. It will be after the hon. member is gone.

Mr. MILLER: What I was saying before I had the helpful interjection from my colleague was that the farmers of western Canada were prepared to do their job and were not looking for the easy way to do it. Of course they will not do it the hard way if they can find an easier way; but the western Canadian farmers are certainly prepared to work and produce hogs and beef cattle if the Minister of Agriculture and his department can make it profitable for them to do that.

Mr. BENTLEY: Mr. Chairman—

Mr. GARDINER: In reply to the questions asked—

Mr. BENTLEY: Would the minister allow me to ask my question and he can answer them all at once? I do not intend to make a speech.

Mr. GARDINER: All right.

Mr. BENTLEY: A little while ago, before we had these last two speeches, the minister answered a question with regard to the payments on oats and barley that the government might make. In his reply the minister said he did not yet know what all the elevator companies intended to do, so I can understand the government's position in that regard. What I want to know is this. Can the minister tell us now whether the government's policy will be

to make the payments equal to all the farmers, regardless of what elevator company they delivered to and how much that elevator company itself contributed toward the equalization? One may pay ten cents; another may pay twelve cents, and another may pay less. What does the government propose to do toward equalization?

Mr. GARDINER: I am not in a position to state what the government will do. Certain members of the government who are on the committee having to do with the matter have discussed it from time to time; but it has not yet been referred to the government; and I doubt that it will be until we have the full information, because it would be a waste of time to be discussing it in the full government until that information is available. I am not in a position to state whether it would be a flat rate to everyone or whether it would be varied to some extent.

A suggestion has been made by the hon. member for Portage la Prairie to the effect that I may have pictured the position of the farmer as being somewhat better than it is. I was careful to say each time I mentioned it that his position was not nearly as good as it ought to be. I think, when one has said that, one has said about all that is necessary to say in order to indicate that he has no idea that the farmers are doing nearly as well as some people who are not farmers think they are doing. I have had some lively arguments recently, some of which have found their way on to the floor of the house, and hon. members opposite have been attempting, in a sort of kindly way, to use the words of my friend the Minister of Labour, to suggest that probably I may have gone too far in suggesting that a large percentage of the farmers in Canada could not pay income taxes and, therefore, should not be required to make out income tax forms. I have said that outside the house and inside the house. That in itself is an indication that I do not think that nearly as large a percentage of farmers are in the income tax brackets as ought to be able to get into them. In other words, the farmers are not doing as well as some of us would like to see them do. Still the statement I made is true, that at present they are doing better than at any other time. I am not taking credit for that to the government, except to the extent that we have attempted to guide the farming community in what they are doing, in order to get returns from those who require the products we are suggesting they should produce.

That brings me to the first point raised by the hon. member for Portage la Prairie, who suggested that from what I said he would take it that I should like to see the farmers of western Canada producing more hogs at the present time. Well, that is true in a sense, but still I do not feel that at this time I should urge the farmers of western Canada to produce more hogs. The situation in the world is such that at the moment it is easier to market cereals than to market hogs. Someone may think, when I say this, that I am advising the farmers not to produce hogs, but I do not know where you can draw the line as between the two statements. The farmers will have to do that themselves.

I would say the farmer who is properly equipped to produce hogs would be very foolish to get out of that production. The farmer who went into hog production during the war period in a temporary way, without providing himself with all the necessary equipment to carry on that production in a country as cold as ours, is perhaps wise to be out of it at the present time. But I think those of us who have farmed over a period of years have generally found that it is good to take up one line of farming which is suited to the community in which we live and go ahead and produce on that basis through good times and bad. In the long run such a farmer will be better off. So I have not thought it advisable for the department or myself as minister to start advising farmers in different parts of Canada as to what they should do.

What I had in mind in suggesting that the farmer of western Canada prefers to produce grain was just that and no more. I did not intend to say anything beyond that. He does prefer it, and I do not think anyone who lives in the west would question that. He prefers to produce grain; and I quite agree with the hon. member for Portage la Prairie that people who go around talking about western farmers going to California do not know anything about western Canada. Only a very small percentage of the farmers of the west are able even to come and see Ottawa occasionally, let alone go to California; and some of those who are elected to the house do not always tell the correct story with respect to conditions back home.

The farming community out west is much like the farming community anywhere else. I do not think I would be fair to this house or to anyone else if I did not say that farmers, as human beings, are much like any other group of human beings; and I venture to say the majority of the farmers in this house like to make their living in the easiest way possible. When I say that I am not suggesting that the farmers are trying to avoid work, because any farmer who tries to avoid work

does not remain on the farm very long in this country. Work is the main thing that keeps him there.

Having said this in order to clear up any ideas that may be in the minds of those who heard the hon. member for Portage la Prairie give his impression of what I said earlier, I hope it will not be necessary later on for me to say that I have not been attempting to suggest that the farmer is making great wealth, nor have I tried to suggest that he is not as well off as people in most agricultural areas are at the present time.

Mrs. STRUM: I believe two or three other things should be said, and I should like to refer to the *Economic Annalist,* put out by the department under the minister, in relation to farmers' costs. We agree that the gross product, the physical volume, has gone up tremendously, because of rainfall and perhaps because of the Minister of Agriculture. It is pointed out here that a tremendous program was carried on by educational campaigns, plus price increases and subsidy payments, all directed at production; and the sum total of all those efforts was a tremendous increase in the physical volume of goods. Rainfall, price subsidies, the necessity of feeding the world—all these things were factors. But the farmers' costs have gone up tremendously, too. It we take the period 1935 to 1939 as the base, and the index as 100, in February, 1948, farmers' costs stood at 170·7; so that while he has more money his real income has been reduced to that extent.

Then the farmer still needs many things. According to this report, his buildings need painting; he needs more machinery; his farm home lacks many facilities essential to the well-being of the modern farm family. I agree with the hon. member for Portage la Prairie; I think the minister is placing a wrong interpretation upon what the farmers like. To a farmer a car is not a luxury but part of his working equipment. He depends upon it to get his repairs; he must have it in order to run his business, and it cannot be looked upon in the same way that a car is looked upon in the life of an urban dweller. In the same way a telephone is not a luxury to a farmer; a tractor is not a luxury. The farmer has been forced to put money into these things as part of his equipment. His home also is part of his equipment, but he is not given any exemption in his income tax return on account of it. He can get an allowance with respect to a henhouse or a pigpen, but not with respect to the family home, which is just as much a part of his equipment as anything else he uses in order to remain there and produce.

I doubt whether the program for next year will show the same results as the past year or two, if the minister's own report is correct, because it points out that the size of the net income determines whether or not a farmer remains solvent. The net income in the years between 1941 and 1946 increased from $250,000,000 to $625,000,000; but in analysing these figures the report goes on to say that the increase was due in part to price control and subsidy programs. These price control and subsidy programs have been removed as incentives, and it is doubtful whether agriculture will be able or will want to keep up the effort to produce this volume of goods to maintain this level of income.

I do not think it should go out across Canada that the western farmer is crude or callous or does not appreciate the better things of life. As against that we have the fact that the farmer goes to so much trouble to do the things the minister is suggesting; the fact that he will put a thousand dollars into the erection of a wind charger, and the tremendous difficulty there is in doing that sort of installation yourself. It has been particularly difficult in the last few years. If a contractor is building a block of houses in town he can get twenty bathtubs; he can get all his shingles and nails, because he is in that business; but when a farmer looks for those things he has to pay a great deal more. There is no wholesale price for him; he gets no priority. No one comes along and digs his ditches for him with a ditching machine. He digs them with a pick and shovel. He can do these things, though, if his farm income remains at a sufficiently high and stable level so that it will pay him; and incidentally they increase his production.

When the minister said a few minutes ago the farmer did not get as much as some people think he gets, he should have said the farmer does not get as much as some people. The farmer is the man who does the hard, physical work to feed the world; and we should not forget that food is the one thing you cannot do without. You can do without a lot of people and a lot of other things, but if you run short of food you begin to die and eventually starvation gets the better of you.

I think we should demand for farmers some sort of civilization which would be complete with educational and health facilities, things that make life comfortable, things which farm families certainly earn and deserve. But we should never apologize for the farmers, and certainly we should never accept less than other people get.

Mr. ZAPLITNY: The discussion thus far on this item has been pretty well an effort to estimate what the farmer has been receiving, or what he should receive in terms of national income. I should like to spend a few moments tonight to set out, perhaps in a somewhat broader form, what I believe we should have for ourselves, as a nation, by way of agriculture.

I believe we should first of all, set out those objectives upon which we can agree, namely the purpose for which agriculture exists. They could be classified under three headings: first, to provide food for the optimum nutrition for all our people, and to produce all possible raw materials for industry; second, to establish for all workers in agriculture, including farm operators and farm labour, a standard of living comparable with that provided in better organized urban industries, especially in relation to housing, educational opportunity and facilities, health and general culture and, third, to produce over and above our maximum needs the maximum amount of agricultural commodities for export.

If we set out those as objectives, to begin with, I think we might even surprise ourselves as to how many other things we could agree on in the House of Commons. I do not know that it does us very much good to thresh over what the farmer received back in 1940 or 1920 or 1947, if we do not make any concrete or comprehensive plan as to what the farmer may be able to receive in 1949 or 1960. I believe that is far more important.

Another factor which seems to come out of this discussion is the interdependence of agriculture generally across this country. It is so easy, as was exhibited here tonight, to get into an east versus west argument about agriculture. I cannot think of anything more futile. East or west in this country, the man who tills the soil and who produces food is attempting to make a living for himself and his family and is contributing to the wealth of the nation. It does not matter very much what type of produce he produces, or what province he happens to live in.

The fact that he is in that industry, and the further fact that that industry is the backbone of the economy of the country should be sufficient for us to treat it as a national industry, for the good of the whole nation.

As an example, in the house on many occasions we have heard about various forms of assistance for agriculture. At one time we talk about the Prairie Farm Assistance Act, and at another time about the Prairie Farm Rehabilitation Act, each of which has to do chiefly with western Canada. At times members from other parts of Canada get a little tired of providing that sort of assistance, and wonder why it is not given in other parts of Canada.

Mr. LENNARD: I do not know that we are tired of giving assistance, but we have to sit here so long and hear so much about it that we get pretty tired of hearing it repeated so often. We are more tired of that than of giving the actual assistance.

Mr. IRVINE: Do something about it, then.

Mr. ZAPLITNY: I hope the hon. member will not blame those who are talking about it if there is some measure of repetition. After all, those of us on this side of the house particularly, can only suggest to the government what it should do. The government has to carry it out; and so long as the things we are suggesting have not yet been carried out, to that extent we shall have to keep on urging that it be done.

Mr. LENNARD: I just wished to point out that we were not—

Mr. IRVINE: You have been talking about tariffs for a hundred and fifty years.

Mr. LENNARD: I will do my own talking; you do not need to put words into my mouth.

Mr. ZAPLITNY: I wish to assure hon. members that, regardless of where they come from, I am not approaching this matter in a partisan spirit; as a matter of fact, I am trying to do the very opposite. I understand what my hon. friend means when he says that sometimes he becomes annoyed at or tired of listening to the long discussions on a subject about which he may not be particularly interested at the moment. But of course that works out both ways. And so long as we are members of the House of Commons, that is one of the penalties we have to pay for being public representatives.

An example of the interdependence of agriculture, both east and west, is the fact that while we in the west do ask taxpayers right across Canada, whether they are farmers or not, to contribute through their taxes to help us in connection with prairie farm assistance, and so on, on the other hand we are quite as cheerfully contributing to our taxes to help pay, for example, for the freight charges on feed grains going into eastern Canada. That is costing the western farmer in his tax bill a certain amount of money. Not only that, but it adds to the annoyance when he sees the feed which he himself has produced going somewhere else to feed somebody else's hogs, when he, the farmer who produced it, has to pay the freight to take it there.

We can understand those small sources of friction or annoyance. But I do not think they are enough to make us talk of an east-west attitude in the house.

There are many other ways in which we are interdependent. The nature of production in different parts of Canada makes us so. There are some things which can be produced on the prairies far more economically and far more conveniently than they can be produced, for example, in Prince Edward Island or New Brunswick. On the other hand, potatoes can be produced in those provinces to better advantage than they can in western Canada.

What is required is not so much a piecemeal argument as to how much the farmer should get for this or that at any given time, as it is a comprehensive program designed to increase over-all production in agriculture throughout this country, through a fiscal policy which will provide an incentive to farmers to produce the goods required, and at the same time give them a certain amount of protection and stability in their prices so that they will know that they will not produce themselves right out of their own market.

We know that not long ago an international wheat agreement was agreed upon, and that it is to be ratified at a future date.

It appears, Mr. Chairman, that I shall not be able to complete my remarks this evening.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. CASSELMAN: What is the business for tomorrow?

Mr. GARDINER: For Wednesday the order of business will be the third reading of Bill No. 203, to amend the Unemployment Insurance Act, 1940; committee of the whole on Bill No. 211, to amend the Royal Canadian Mounted Police Act; second reading of Bill No. 9, to amend the Northwest Territories Act; second reading of Bill No. 11, to amend the Dominion Water Power Act; Bill No. 208, to amend the North Fraser Harbour Commissioners Act, Bill No. 209, to amend the National Parks Act, the resolution of the Postmaster General to amend the Supplemental Payments Act, and supply, Department of Agriculture, if we get that far.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, April 28, 1948

The house met at three o'clock.

COMMITTEES OF THE HOUSE

JOINT COMMITTEE ON PRINTING—FIRST REPORT

First report of the joint committee on printing.—Mr. Emmerson.

VETERANS AFFAIRS—CHANGE IN PERSONNEL

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

That the name of Mr. Tremblay be substituted for that of Mr. Halle on the special committee on veterans affairs.

Motion agreed to.

INCOME TAX

EXTENSION, FROM APRIL 30 TO MAY 31, OF DATE OF FILING CERTAIN RETURNS

Hon. J. J. McCANN (Minister of National Revenue): Mr. Speaker, I should like at this time to make a statement with reference to the filing of income tax returns for the year 1947.

Extreme weather conditions in various parts of the country are making it impossible for taxpayers to get the appropriate income tax forms. In addition, there is a substantial increase, particularly in rural areas, in the number of taxpayers over the previous year. This has added greatly to the problem of distributing the various forms.

For these and other reasons, many taxpayers throughout the country are finding it extremely difficult to complete and file their returns on time.

As a consequence, the government has decided that the time for filing 1947 individual income tax returns will be extended from April 30 to May 31, 1948. This applies only to those returns known as T.1 General, T.1 Special, T.4-T.1 employees, T.1 Farmers and T.1 Prairie Farmers.

The penalty for late filing will be assessed if the taxpayer fails to file his return on or before May 31, 1948.

Individual taxpayers who ordinarily would be required to pay the balance of their tax on or before April 30, 1948, must now make payment of that balance on or before May 31, 1948. If they fail to do so, interest will be charged from that date.

This extension does not relieve those taxpayers who are required to make quarterly or other instalment payments, from making such payments when due, nor does it relieve them from interest on any arrears of such instalments.

All returns, other than those listed above, required to be filed under the statute, must be filed on the due date.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, on a question of privilege, on behalf of myself and I am sure of all prairie members, I wish to thank the minister for the timely and prompt action which he has taken in this matter. I also wish to advise him, to my regret, that according to a communication by telephone yesterday, flood conditions out there have reached the point now where they may be described as disastrous. A foot of new soft snow has fallen over that whole area, and it is difficult to prognosticate the ill effects that may follow. The Minister of Agriculture could no doubt do that better than I can. With respect to some crops the condition is quite serious.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 212, to incorporate Canadian Co-operative Processors Limited.—Mr. Weir.

PRISONS AND REFORMATORIES

PROVISION OF INDETERMINATE SENTENCES FOR PROVINCE OF BRITISH COLUMBIA

Right Hon. J. L. ILSLEY (Minister of Justice) moved the first reading of Bill No. 214, to amend the Prisons and Reformatories Act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

CANADIAN ARMY—ACTIVE SERVICE IN EUROPEAN THEATRE—CASUALTIES

Mr. McMASTER:

1. How many members of the Canadian army saw active service in what is known as the European front, i.e., that portion of Europe other than the British Isles and Iceland?

2. What were the casualties suffered by the Canadians in the European theatre of war as above described?

Mr. LAPOINTE:

1. The actual number of individual members of the Canadian Army who saw service in the European theatre of war, excluding the British isles and Iceland, is not immediately available. Approximately 368,000 individual members, however, did proceed to the United Kingdom and Iceland. The breakdown of this number into service in different theatres of war will be available in the near future from individual record statistics now in course of preparation.

2. For European theatre, excluding British isles and Iceland:

(a) Fatal—all causes	18,375
(b) Non Fatal—battle casualties	51,955
Total	70,330

NATIONAL HOUSING—CONVERSIONS IN HAMILTON DISTRICT

Mr. LENNARD:

Of the twenty national housing conversions effected in the Hamilton, Ontario district, what items were salvaged in each conversion and what were the estimated values of same?

Mr. McILRAITH: When the administration of the twenty home conversion projects was turned over to Central Mortgage and Housing Corporation on January 1, 1946, the following items of salvage were in storage for disposal. These were subsequently disposed of at the prices listed below.

Project No.—Salvage items—Salvage value

5-2-H.C.-2, 46 Arkledun Ave.—5 No. 30 hot water tanks, $10; 5 2,500-watt electric heaters, $10.

5-2-H.C.-4, 116 Main St. W.—1 jacket heater, Dominion H.10, $5.

5-2-H.C.-10, 68 Arkledun Ave.—5 No. 30 hot water tanks, $10; 5 2,500-watt electric heaters, $10.

5-2-H.C.-11, 79 Arkledun Ave.—4 No. 30 hot water tanks, $8; 3 2,500-watt electric heaters, $6; 1 No. 50 Rex gas heater, $6.

5-2-H.C.-12, 415 King St. E.—1 jacket heater Viking No. V.12, $5.

5-2-H.C.-16, 72 Victoria Ave.—1 thermostat for hot water control, $5.

5-2-H.C.-20, 28 Myrtle Ave.—1 Imperial jacket heater No. 12, $5.

5-2-H.C.-22, 5 Linden Place—1 Imperial jacket heater No. 12, $5.

5-2-H.C.-23, 800 Main St. E.—1 Imperial jacket heater No. 12, $5.

5-2-H.C.-24, 11 Torrance St.—1 Imperial jacket heater No. 112, $5.

5-2-H.C.-36, 609 Beach Blvd.—1 jacket heater Dominion H.10, $5.

[Mr. McMaster.]

SECURITIES INVESTMENT FUND—PURCHASE OF DOMINION BONDS

Mr. MACDONNELL (Muskoka-Ontario):

In sessional paper No. 29D dated March 23, 1948, in answer to a question asked by myself, the Department of Finance indicated that the securities investment fund from August, 1947 to January, 1948, inclusive, had purchased a net amount of approximately $300,000,000 of Dominion of Canada bonds: 1. Under what authority is this fund set up?

2. How much does it amount to?

3. How is it invested?

4. Were the bond purchases made by the various government departments set out in this return made independently of each other, or were they made in conjunction with, or under the supervision of, the Department of Finance?

Mr. MAYHEW: Stand.

Mr. MACDONNELL (Muskoka-Ontario): Mr. Speaker, I wish to call attention to the fact that I put this question on the order paper on April 16, which is almost two weeks ago, with reference to the origin of the fund of $300 million which had been used in the purchase of Dominion of Canada bonds. The question was, under what authority was this fund set up, and so on. If there is a proper authority that question could be answered in half an hour. I wish to protest, with all the bitterness that my nature is capable of, against being brushed off. I wish to ask that this question be answered immediately, because there can be no earthly reason for its not being answered, unless it was done without authority, and in that case we should know.

SASKATCHEWAN IRRIGATION PROJECT

Mr. THATCHER:

During the calendar year 1947, how much money was actually spent by the federal government for (a) surveying and engineering; (b) construction on (1) the St. Mary's River irrigation project; (2) the Red Deer irrigation scheme; (3) the South Saskatchewan irrigation project?

Mr. McCUBBIN:

1. St. Mary's River irrigation project: (a) $130,154; (b) $746,189.

2. Red Deer River irrigation scheme: (a) $130,154; (b) nil.

3. South Saskatchewan irrigation project: (a) $152,616; (b) nil.

COMBINES INVESTIGATION ACT—DENTAL SUPPLIES

Mr. RAYMOND (Beauharnois-Laprairie):

1. Has the government given effect to the conclusions of the report made by the commissioner entrusted with the investigation of an alleged combine in dental supplies?

2. What action has been taken by the government in order to put an end to the unfair practices disclosed by such investigation?

Mr. ILSLEY:

1. Yes. Prosecution was instituted and following the unfavourable result at the trial the crown appealed and it is expected that the appeal will be heard by the Ontario court of appeal in the near future.

2. Answered by No. 1.

CANADIAN NAVY—PRIZE MONEY

Mr. MARIER:

1. Has the government received sums of money from the British government with regard to the payment of prize money to members of His Majesty's Canadian navy during the late war?

2. If so, shall said prize money be distributed to those entitled to it, and when?

Mr. LAPOINTE:

1. While no prize money has yet been received from the British government, the matter is under consideration at present, and it is possible that money will ultimately be received. In addition, the Canadian government has in hand moneys resulting from prizes taken by the Royal Canadian Navy.

2. When the amount is known, consideration will be given to the manner of dealing with it.

NATIONAL INCOME, 1939-1947

Mr. HANSELL:

What was the national income for each of the years 1939-1947 inclusive?

Mr. McILRAITH: The national income and the gross national product in Canada for the years 1939 to 1947 were as follows:

	National income	Gross national product
	(Millions of dollars)	
1939	4,274	5,581
1940	5,236	6,740
1941	6,544	8,403
1942	8,273	10,487
1943	8,941	11,244
1944	9,596	11,820
1945	9,644	11,614
1946*	9,617	11,656
1947†	10,735	13,052

*Revised preliminary estimate.
†Preliminary estimate.

EXPORT OF CANNED MEATS

Mr. WRIGHT:

1. What quantity of canned beef, pork or other meat products are at present allowed to be exported to the United States?

2. How are quotas for such exports allocated as between Canadian firms or exporters?

Mr. McILRAITH:

1. (a) Spreads and potted meats, 579,000 lbs.; (b) Pork products, 207,000 lbs.; (c) Solid pack, other than pork products, 283,000 lbs.; (d) Stews, boiled dinners, hashes and chile con carne, 883,000 lbs.

2. Individual company quotas have been established for the export of all types of canned meats to the United States of America. The quotas are based in relation to the packers' domestic production of canned meats during the period September 1, 1946 to July 31, 1947 inclusive, and the present quotas set up for the meat packers are in operation until June 30, 1948. Applications for export permits must be submitted prior to that date. In the case of canned hams, exports to the United States must be limited to 10 per cent of the quota covering canned pork products.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NATIONAL HOUSING—CONVERSIONS IN HAMILTON DISTRICT

Mr. LENNARD:

Of the twenty national housing conversions effected in the Hamilton, Ontario district, 1. How many conversions were on a contract basis?

2. How many conversions were on a cost-plus basis?

3. How much rent has been collected on each to March 31, 1948?

4. What has been cost of maintenance on each to date?

5. What amount was owing to the crown on each on March 31, 1948?

6. What are the completion dates?

Mr. McILRAITH: Return tabled.

EXPORTS—MOTOR VEHICLES

Mr. STEPHENSON:

1. What was the number of automobiles and trucks exported from Canada to other countries of the world as of March 31, 1947 to March 31, 1948, by months?

2. What was the number exported to each country?

3. How many automobiles and trucks were manufactured in Canada from March 31, 1947 to March 31, 1948, by months?

Mr. WINTERS: Return tabled.

MUNITIONS AND SUPPLY—RECONSTRUCTION—TRANSFER OF EMPLOYEES

Mr. FRASER:

1. Were any civil servants, or temporary employees, of the Department of Munitions and Supply, or the Department of Reconstruction, in receipt of $3,000 a year or over, transferred to any other department during the years 1945, 1946 and 1947?

2. If so, to what departments were these employees transferred stating the number of civil

servants and number of temporary employees in the case of each department to which they were transferred?

3. What salaries were paid to all such temporary employees of the Department of Munitions and Supply, or Department of Reconstruction (a) before transfer; (b) after transfer?

Mr. GIBSON (Hamilton West): Return tabled.

NORTH STAR AIRCRAFT

Mr. SKEY:

1. How many North Star aircraft have the Canadian government purchased; (a) for what departments or companies have these purchases been made; (b) how many aircraft have been purchased for each; (c) at what price per aircraft were these purchases made?

2. How many additional North Star aircraft have the government agreed to purchase?

3. What is the maximum fuel capacity of the North Star aircraft without overload tanks?

4. What is the gasoline consumption per hour at cruising speed of the North Star aircraft?

MOTIONS FOR PAPERS

PRAIRIE FARM ASSISTANCE—SASKATCHEWAN

Mr. ARGUE:

For a statement showing the 1947 wheat yields, as set forth in the P.F.A.A. inspector's report, on all lands located in township 8 in ranges 8 and 9, west third meridian.

Mr. McCUBBIN: Since the inception of the Prairie Farm Assistance Act it has been understood between the department and the farmers that information obtained by P.F.A. inspectors as to the yield on individual farms would not be made public. There are instances in which the farm operator would not wish to have this information disclosed, and the principle of treating it as confidential has been maintained in all P.F.A. dealings with individuals, municipalities and others.

Mr. ARGUE: Mr. Speaker, I have discussed the matter with the minister and he informs me that provision is made by which the farmers concerned can ask for reinspection. In view of that, I shall be willing to let the matter drop.

Mr. SPEAKER: Dropped.

GREAT SLAVE LAKE AREA—PROSPECTING FOR MINERALS

Mr. BLACK (Yukon):

For a copy of the agreements, documents and correspondence granting to Consolidated Mining and Smelting Company and Ventures Limited the exclusive right of prospecting for minerals over 500 square miles of land south of Great Slave lake or in that vicinity, and showing the boundaries of that area of 500 square miles.

[Mr. Fraser.]

FLOOD CONDITIONS

WINNIPEG AREA—EFFECT ON MEAT PRICES IN WINNIPEG

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Public Works? Can the minister give the assurance that everything feasible is being done by his department to relieve the flood conditions in the Winnipeg area? I have in mind the control of the volume of water in the Red river which is exercised by the gates at Lockport.

Hon. ALPHONSE FOURNIER (Minister of Public Works): I will inquire of the officials in Winnipeg. Perhaps something can be done in connection with the flow of water through St. Andrew's locks and if it is feasible we may direct operations to relieve the situation. I will make inquiries and give instructions accordingly.

Mr. GRAYDON: Take another look at Etobicoke.

Mr. STEWART (Winnipeg North): May I ask the minister to see that the situation in Winnipeg is corrected? My apartment is now flooded.

Mr. KNOWLES: May I direct a question to the Minister of Finance? Has his attention been called to newspaper reports to the effect that meat prices are rising in the city of Winnipeg because farmers are unable to bring in meat owing to the flood conditions? Will the minister have the wartime prices and trade board look into this in the hope that profiteering of this kind may be nipped in the bud?

Hon. DOUGLAS ABBOTT (Minister of Finance): I will draw my hon. friend's remarks to the attention of the prices board.

CONDITIONS IN VICINITY OF DAUPHIN

Mr. F. S. ZAPLITNY (Dauphin): I wish to direct a question to the Minister of Agriculture. I regret I was not able to give him notice because the matter came to my attention only before I entered the chamber. I understand that a telegram was dispatched yesterday to the minister in connection with this matter. In view of the very serious flood conditions in the vicinity of Dauphin, the second within one year, will the minister assure the house that his department or the

government will lend all assistance possible to the people who are suffering from that flood?

Right Hon. J. G. GARDINER (Minister of Agriculture): The matter of flood conditions in areas of that kind is in all parts of Canada the responsibility of the provincial government. I assume that representations have been made to the provincial government as well as to this government, and that matters will be discussed between them.

Mr. GRAYDON: May I suggest to the Minister of Agriculture that there are exceptions to the rule he has just laid down.

Mr. GARDINER: Not in connection with this type of flooding.

Mr. GRAYDON: Yes, there are—for instance, the Grand river in Ontario.

Mr. CRUICKSHANK: The answer is yes.

POSTAL SERVICE

QUESTION AS TO REDUCTION OF AIR MAIL LETTER POSTAGE RATE

On the orders of the day:

Mr. E. B. McKAY (Weyburn): May I be permitted to address a question to the Postmaster General, a copy of which I have sent to him? In view of the fact that air mail volume is not approaching the capacity of Trans-Canada Air Lines for mail transport, and that planes are only partially loaded, when will the Canadian air mail rate be reduced to five cents, the same as in the United States, in order to develop new business?

Hon. ERNEST BERTRAND (Postmaster General): This is, of course, a question of policy for the government; and we are not yet ready to say when or how we shall act in the future.

Mr. KNOWLES: That was the answer given two years ago.

Mr. BERTRAND (Laurier): I would say that we should not reduce the postage rates too soon, for this reason: in the United States, immediately after the war their ordinary letter rates were reduced from three cents to two cents and from four cents to three cents. The air mail postage rate was also reduced. The result was that at the end of last year there was a deficit of $442,000,000.

Mr. SMITH (Calgary West): Perhaps the government is partly loaded.

INQUIRY FOR RETURN

YUKON QUARTZ MINING ACT—SURVEYING OF MINERAL CLAIMS

On the orders of the day:

Mr. GEORGE BLACK (Yukon): May I call the attention of the government to the fact that on March 10 an order was passed for a copy of all correspondence and communications between the Minister of Mines and Resources, all officials of his department and corporations and/or persons concerning the action now being taken by the minister affecting large numbers of owners of mineral claims in Yukon. I regret that illness makes it necessary for the Minister of Mines and Resources (Mr. Glen) to be absent from the house, but perhaps the acting minister could speed up the return on that order.

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): I shall be glad to make inquiries.

OATS AND BARLEY

REQUEST FOR STATEMENT WITH REGARD TO EXPORT REGULATIONS

On the orders of the day:

Mr. E. G. McCULLOUGH (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce. Owing to lack of definite information with regard to the export regulations applicable to oats and barley, will the minister make a statement to the house outlining the regulations governing the export of those two commodities?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): I could not hear the question asked by the hon. member, but I shall be glad to read *Hansard* and try to prepare an answer for tomorrow.

UNEMPLOYMENT INSURANCE ACT

AMENDMENTS RESPECTING CONTRIBUTIONS, PROCEDURE, OFFENCES AND PENALTIES

Hon. HUMPHREY MITCHELL (Minister of Labour) moved the third reading of bill No. 203, to amend the Unemployment Insurance Act, 1940.

Mr. GORDON GRAYDON (Peel): Before the bill receives its third reading, Mr. Speaker, I desire to make one or two observations. Perhaps I had better wait until quiet is restored in the house, because it is difficult for me to make myself heard.

Mr. SPEAKER: Order.

Mr. GRAYDON: I must be lenient with hon. members, because I am afraid I myself am an offender in this regard.

Mr. MacINNIS: Hear, hear.

Mr. GRAYDON: In that regard I take second place, however, only to the hon. member for Vancouver East (Mr. MacInnis).

In rising to say a word on the motion for third reading of Bill No. 203, to amend the Unemployment Insurance Act, 1940, I do so because of certain statements which have been made from time to time with respect to this party's position on unemployment insurance. It is necessary, although I am sorry that it becomes so, for us again to place our record so clearly on the record that even those who are desirous of altering that record will not be able to do so without bringing upon themselves the condemnation of the electorate.

I have a personal reason for rising at this time, sir, because down through the years as a member of parliament, along with others in the Progressive Conservative party, I have taken a consistent and, I think, a vigorous stand in seeking legislation by this government with respect to unemployment insurance. It must be remembered that the party now in power had unemployment insurance in its platform as far back as the year 1919. It must be remembered also, Mr. Speaker, for those whose memory at times becomes conveniently forgetful, that it was not the Liberal party or the C.C.F. party, but rather the Conservative party, which in 1935 had the honour of bringing in the first bill for unemployment insurance in Canada. In addition to that—

An hon. MEMBER: The Conservatives did not bring in unemployment insurance.

Mr. GRAYDON: We shall let the hon. member make his speech again, although I doubt if it is necessary. Not only was it our party that brought unemployment insurance legislation for the first time into the House of Commons, but it was this party as well which, during the sessions of 1936 and following years, saw the present government sending legislation which had been passed in the House of Commons to the Supreme Court of Canada and elsewhere for the purpose of ascertaining whether or not it was constitutional. This had the result of delaying legislation from 1936 until 1940, when it was finally passed.

In 1940 the present government brought in a new measure with respect to unemployment insurance. I was one of those who tried to take a little lead, so far as our own party was concerned, in promoting and attempting to improve the measure that had been brought down. I was a member of the special committee on unemployment insurance which was set up under the chairmanship of the then minister of labour, Mr. McLarty, and had much to do with the various debates and discussions which finally resulted in an unemployment insurance measure being passed by the House of Commons. That was in the year 1940. It was in that year that the measure received its third reading.

The point I wish to make is this. Nowhere in this report of the special committee on unemployment insurance which I hold in my hand will anyone find the slightest suggestion of any opposition on the part of the Conservative party to unemployment insurance or its principles, and scarcely any to its details. In addition, if one turns to *Hansard* of July 19, 1940, one finds that the Minister of Labour himself put his imprimatur on the position of our party at that time. This was toward the end of the debate, when the legislation was finally going through. At page 1786 of *Hansard* for 1940 Mr. McLarty said, with a great deal of truth:

> It has been a congenial task for me as minister, sponsoring a bill such as this, to have received such wholehearted approval of the measure, in principle, as has been given this bill.

In addition, I was looking up the records and found that going back from third reading, which is indicated at page 2088 of *Hansard* for that session, at every single stage the bill went through without division and without amendment, and with the wholehearted approval of the Conservative party of that day.

That makes it very difficult for me, after such an active part in the consideration of that legislation as I tried to take at that time, to swallow the remark made by the Minister of National Defence (Mr. Claxton) over the air last Thursday night. This is what the minister said in that broadcast on The Nation's Business:

> Next, look at unemployment insurance, introduced by the Liberals in 1941—

Well, he was so much asleep that he even missed the year the measure was introduced.

> —and opposed by the Conservatives; another measure of social security introduced and put into effect by the Liberals.

I resent that statement, which was made over the air more than a week ago. The minister has had plenty of time since to correct it. If he did not know that was not the fact, he should have known it. If he did know it was not the fact, then I think this house and this party deserve an apology from the minister for having made that statement.

I well remember my old schoolmaster in the town of Brampton giving this good advice to his students: "You cannot at the same time whistle and chew a meal, and do justice to both". Neither can the Minister of National Defence look after our armed forces and at the same time keep an eye upon his political fences, as he was trying to do in that broadcast the other evening.

I want to say to you, Mr. Speaker, and to the minister that what we need is a man with both eyes on the defence of Canada. I want to say also that instead of taking his little pencil and trying to figure out the total time that has been taken up by some members of parliament, and what we have been saying in *Hansard,* he had better get out a great big pencil and figure the total strength of the armed forces of this country, for I can tell him those are the totals in which the people of this country are interested, not in all this small political nonsense that has gone over the air under the title The Nation's Business.

I would not have risen at all had I not keenly resented the suggestion that I and others who tried to do a good job in the committee which considered that measure, had opposed this legislation. I resent it when someone who should know better comes along and makes that statement. The minister was here then; but if he was asleep at that time I hope he will not continue to sleep now that he has such a big job as the defence of Canada. So far as our position is concerned, I hope it will be made clear in this instance as it should have been made clear in the instance brought up by the minister. Our name should be cleared of a blot and stain which it is beneath the dignity of any member of the government to attempt to put upon us.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, I am not going to—

Mr. COLDWELL: Is the minister closing the debate?

Mr. MITCHELL: Yes. I have said all I should say about unemployment insurance. The bill has been passed unanimously, and no credit has been taken from any political party in this house in that regard. But I think a short history of the development of this legislation should be given. I do not believe this is the time or place for the Minister of Labour to defend the Minister of National Defence on an entirely different question.

Mr. GRAYDON: It is not a different question at all.

Mr. MITCHELL: Just a moment; I did not interrupt my hon. friend.

Mr. STEPHENSON: He was in your department.

Mr. MITCHELL: He was not in my department.

Mr. STEPHENSON: He was meddling with it.

Mr. MITCHELL: Let me say to my hon. friend that those who know me best know that other people do not meddle in my department. I well recall the history of this legislation; and let it be said without fear of successful contradiction that, other than political organizations, the organization that should be given most credit for the establishment of this legislation in Canada is the Trades and Labour Congress of Canada.

Mr. SMITH (Calgary West): We put your bill through in record time. What are you kicking about?

Mr. MITCHELL: I am just giving the history, and I am not taking any credit away from my good friends the Conservatives.

Mr. GRAYDON: That is all we ask.

Mr. MITCHELL: If my memory serves me correctly, the original unemployment insurance legislation was put through this House of Commons by the Conservative government under the leadership of Mr. Bennett just prior to the 1935 election. I have a vivid recollection of the support given that legislation by the late Mr. Woodsworth, by my good friend the hon. member for Vancouver East (Mr. MacInnis) and I think by almost everyone in this house. If I remember aright the bill was passed under the treaty-making powers of the British North America Act, in that the international labour office had passed a convention, which was adopted by this country, favouring the introduction of unemployment insurance.

I remember the occasion very well. I was not a lawyer; I was a young member, and having spoken in support of this bill I was standing behind the curtains over there speaking to Mr. Lapointe. He said, "Humphrey, you cannot break a law by agreement. You have to amend the British North America Act." As assistant to the late Mr. Rogers I played some small part in drafting the amendment to that act. I also recall vividly that in the election of 1940 one of the main planks of the Liberal platform was the amendment of the British North America Act to make possible the establishment of unemployment insurance in Canada without any constitutional question.

Mr. FERGUSON: You were still a young man then.

Mr. MITCHELL: I am a young man yet. At the moment—and I have no objection to that point of view—certain provincial governments are very jealous of their jurisdiction, and I think it is the duty of a government sponsoring legislation to see to it that such legislation comes squarely within the four corners of the British North America Act.

I thought I should make these few remarks to put the record straight, and to indicate that all parties in this house can take credit for the adoption of this very necessary legislation.

Mr. GRAYDON: Hear, hear. That is what we wanted the government to say. We did not want them to say we were opposed to it.

Mr. MITCHELL: No one has said you were opposed to it.

Mr. GRAYDON: Yes; your deskmate said so.

Mr. MITCHELL: I think the record speaks for itself. The hon. member for Calgary West has said that this is good legislation.

Mr. SMITH (Calgary West): Indeed he did.

Mr. MITCHELL: There was no destructive criticism from any section of the house in connection with the provisions of the bill. Let us be frank and honest about that. I believe this bill went through faster than any bill of its kind in the history of this parliament.

Mr. GRAYDON: It was good legislation and it was given good treatment.

Mr. MITCHELL: I cannot take full credit for that.

Mr. GRAYDON: You bring in a bill like that and you will have no trouble.

Mr. SMITH (Calgary West): Record time on a fast track.

Mr. MITCHELL: Yes.

Mr. W. GARFIELD CASE (Grey North): Mr. Speaker, as one individual who did not understand the full extent of the reference to giving credit where credit was due, let me say that I appreciate fully the frank statement of the Minister of Labour (Mr. Mitchell). I am glad the hon. member for Peel (Mr. Graydon) made his interjection, so that we may know where we stand. Why should the Minister of National Defence (Mr. Claxton) go monkeying around with the Department of Labour, seeking to gain some political advantage with respect to a bill which is national in importance and will be of great benefit to all those who come within its provisions?

[Mr. Mitchell.]

I believe the Minister of Labour deserves great credit for straightening the matter out; I for one appreciate his frank statement of this afternoon.

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

ROYAL CANADIAN MOUNTED POLICE

CONTRIBUTORY SUPERANNUATION SCHEME—COMPENSATION FOR INJURY SUSTAINED IN COURSE OF DUTY

The house resumed from Monday, April 26, consideration in committee of Bill No. 211, to amend the Royal Canadian Mounted Police Act—Mr. Ilsley—Mr. Golding in the chair.

On section 1—Member of the force; member.

Mr. CASE: Mr. Chairman, I feel this may be the only opportunity I shall have to say a word in commendation of the splendid service rendered by the Royal Canadian Mounted Police. I believe they are appreciated by the people of Canada as an outstanding force in the regulation of law and order.

I was pleased to note that in the advertising prepared by the Ontario government for tourist purposes a full page was devoted to the work of the mounted police; and at a conference held in Toronto the only persons who found fault with that advertising were the two communist members of the provincial legislature.

I feel that those who are seeking to visit our country are impressed by the fact that this is a country in which law and order is respected. We as citizens of Canada appreciate more and more the service rendered by this great force. Indeed the regulations under which they work impose upon them great sacrifices which, for the glory of their unit, they are prepared to make. Throughout the length and breadth of the universe the Royal Canadian Mounted Police is known as the force that always gets its man.

During the past few summers, tourist vessels from Chicago and other points in the United States have been calling at my home city of Owen Sound. This splendid unit, the mounted police, have always provided an officer dressed in his scarlet uniform at that port. Let me say that citizens of the United States respect this police force, just as Canadians do. They feel that when they set foot on Canadian soil they are entering a land where freedom and justice prevail and where law and order is maintained.

I have taken this opportunity to pay my compliments and tribute to the Royal Canadian Mounted Police.

Mr. DIEFENBAKER: A number of questions were asked the other night about administration in general, and in particular as to the matter of investigation of subversive elements in the country. In concluding the debate the minister said that those matters did not arise particularly at this time and could not very well be answered or discussed by him. I do feel however that the country as a whole would like to have a general statement from the minister at this time with respect to the work being done. No other opportunity will arise for discussion of this matter. It is one that is being given much attention in the press of Canada, and of the United States as well. I refer to the whole matter of investigations made by the police forces having to do with subversive activities connected with communism.

I mentioned the other evening one matter which affects thousands of people in the prairie provinces, namely, the subtle forms of intimidation that are being practised by certain individuals in this country in order to extract from the people assistance for communist endeavours in other parts of the world.

I am not asking anything out of the way when I ask for a statement in this connection; for Mr. Hoover, the head of the federal bureau of investigation in the United States, has set forth in detail what that organization is doing. His statements, made in general terms, have given the people of the United States some idea of the extent to which subversive elements are widespread throughout that country, and also the measures being taken to prevent their continuance or development.

The other day I raised the question of intimidation of racial groups. I know that the minister within the last few days has received certain suggestions and recommendations in that regard. Representatives of an anti-communist group, persons of Slavic origin, came here and placed the matter before him. They were asking for some assurance that they would be protected against this sort of thing.

Mr. ILSLEY: Against what?

Mr. DIEFENBAKER: Against the threats that were being held out that harm would be done to their relatives in continental Europe unless they adopted the suggestions of those who had got in touch with them. These men who were here the other day said that they had called a meeting in Toronto with a view to building up a solid front against communist activities. A number of persons with whom they had communicated said frankly to them that they were fearful of attending any meeting, of showing their hand in any way, or of contributing their efforts to the combating of communist activities. These operators had instilled in their hearts the fear that should they act or show their hands their relatives abroad would be endangered.

After all, this is a matter under the jurisdiction of the minister, and I should like to know what the department is doing in this regard. Does it contemplate the introduction of an amendment to widen the sections of the criminal code which cannot now be used to punish those who do this kind of thing? If the legislation is widened it is possible that the relatives might be proceeded against, but in any event the fact that such legislation was on the statute book would in itself be a deterrent.

I should like to have a statement from the minister with regard to a number of matters affecting mounted police administration in respect to which the members of the force would like to have certain changes made. I shall not repeat them, because repetition will not make them any clearer. Would the minister be willing to indicate to the committee the attitude of the department toward these questions, and whether or not any changes are contemplated other than those covered by the bill which has been introduced?

I believe that when this force, which is great in service and magnificent in tradition, asks for the removal of a number of little pinpricking things, every consideration should be given to their request. The amendments provided for by this bill go a long way toward removing serious complaint. Over a period of two or three years we on this side of the house asked for an increase in the salaries of the mounted police, but the answer was that they were getting reasonably good pay. We pointed to the number of fully qualified men who had served only five years but who resigned or retired because of the hopelessness of their position as they saw it. I understand that normally a man must be in the service eleven years before he achieves the highest salary paid to a constable. Promotions have been too slow and opportunities for advancement too restricted. These things which they object to should be remedied if possible.

I come now to one other matter, the personnel report. I was joined in this by the hon. member for Regina City (Mr. Probe). The fact that the constable may not express his views in connection with adverse personnel reports affecting him has caused a great deal of resentment. We are asking the members of the R.C.M.P. to discharge great

responsibilities. Our safety depends on them. I suggest that we in this house should do everything we can to remove anything that might cause them not to have that degree of contentment without which efficient work is impossible.

I want the minister to understand that we are not in the position in which the minister of defence endeavoured to put us the other day. We are here to place suggestions before the government. We want to co-operate in this matter. The people are asking, through us, for the assurance of the Minister of Justice that all is well so far as internecine activities which might undermine the country are concerned.

Mr. ILSLEY: Mr. Chairman, naturally I came in with the thought that the bill would be taken up section by section, but I shall answer the questions asked by the hon. gentleman in so far as I can.

I am not in a position to make a statement about the program of the Royal Canadian Mounted Police in watching communists in Canada. I do not think it would be desirable for me to make such a statement in the house. It is well known that for many years the R.C.M.P. has been keenly alive to the possibilities of subversive action, and I think they are as much alive today as they ever were, perhaps more so. If it is possible to make a more comprehensive statement without defeating the end that is sought, I will see if one can be prepared and delivered on another occasion. I submit that the proper occasion for that would be on the estimates of the mounted police rather than on this bill.

With regard to the other questions that were asked, I should like to deal with one to which a number of speakers gave some attention the other night. I refer to the question of threats to persons of foreign origin or foreign parentage. Apart from those that were made across the floor of the house the other night, the only representation that has ever been made in this regard was contained in a letter which I received from a solicitor in western Canada advising me that a client or a person who had consulted him had stated that injury had been threatened to his relatives in one of the communist countries of Europe if he did not do certain things. I forget whether he was to join a communist organization, contribute to a communist organization or what it was. However, that is irrelevant.

This solicitor suggested that there should be an amendment to the criminal code to go beyond the present section dealing with threats to parents and other relatives. I turned that over to officers of the Department of Justice and asked them to advise me whether such an amendment could be drafted and whether in their opinion it was desirable. Since the speeches were made the other night, in which several hon. members said that officers of the Royal Canadian Mounted Police themselves said that this is becoming almost a practice throughout the country, and after consulting an hon. member or two on this side of the house who said that there was some talk about it, I tried to ascertain just what, if anything, is going on. The information I got is that occasionally in conversation there is some reference to relatives of the displaced person or other person of foreign origin or foreign parentage in the home country or communist country. These references are not threats; they are merely reminders, I suppose, or hints rather than threats.

Mr. LOCKHART: Will the minister permit a question?

Mr. ILSLEY: In a minute, yes. I have asked the deputy minister of justice to see whether any strengthening of the criminal code is possible in that regard, and he advised me at noon that he would work on it this afternoon. I do not think the house should have too high hopes of anything of much value being done, because certainly it seems to me that if I were a communist approaching a non-communist with a view to getting him to contribute money or do something else of that kind, I would not be making a threat. It is a little difficult for me to understand how a reference to his family in the old country could be made the subject of a criminal prosecution. I think it would be pretty difficult; but as I say, the Department of Justice is giving consideration to something of that kind.

Whether it would accomplish anything, even if proper criminal legislation could be passed, is another question; because I doubt whether any information would ever be given. If we did have legislation of that kind I doubt whether anyone would ever inform or lay a charge. Certainly he would not if he had any real fear of retaliation or prosecution of his relatives in the country from which he came.

My hon. friend asked whether any other amendment to the act was proposed at this session. The answer is no. These are the amendments that were proposed for the Royal Canadian Mounted Police Act at the present session. I think that they deal with everything that needs to be dealt with. They do not deal with everything that has been

brought before the department for attention; they do not by any means adopt all the suggestions that have been made, but I think they include all the suggestions that should be acted upon.

May I say a word with regard to pay. My hon. friend said that for years it has been urged that the pay of the R.C.M.P. has not been high enough. Well, the pay that is adequate today may not be adequate tomorrow. I have no reason to think that the pay of this force has not been comparable with that of other forces and with the armed services throughout the years. Recently, of course, there have been increases to the civil service and to the armed forces, and the time had come when another pay increase was desirable for the Royal Canadian Mounted Police; that pay increase has been provided for by regulation. I think the force is fairly well satisfied with the pay increases that have been provided.

A question has been raised about the rule that members of the force are not shown reports on themselves. The commissioner informs me that anything adverse in the reports is shown to the members of the force.

Mr. DIEFENBAKER: Does the minister say that that is a fact, that anything adverse is shown to the member of the force so that he can answer it?

Mr. ILSLEY: Yes; the commissioner informs me now that the officer or non-commissioned officer or constable against whom anything adverse is being recorded is paraded, warned, and told of the entry that is being made in his record against him.

Mr. HAZEN: Does he have to sign anything then?

Mr. ILSLEY: No.

Mr. PROBE: Will the minister indicate to the committee what effect, if any, this legislation will have on adjustment of the amounts of pension of those who are now in receipt of superannuation?

Mr. ILSLEY: It has no effect on them at all.

Mr. PROBE: There are former members of the force, now on superannuation, who are contributing. These men are constables or N.C.O.'s, or were of that rank at pension time, and they are still contributing to the widow's portion of the superannuation. I have mail covering this specific point, showing that pension deductions are being made to cover the widow's allowance following the decease of the husband. In view of the fact that widows are now being covered by the terms of this bill, is it proposed to cancel the contributions, which in some cases are fairly high? I have one that comes to $18 and some cents a month, and it has been running that way for twelve years. Are these payments to the pension fund being cancelled or returned, or what is being done about them?

Mr. ILSLEY: It is a complicated matter. The hon. gentleman is now taking the case of a superannuated member of the force who for some reason is making contributions to the dependent's pension fund.

Mr. PROBE: Exactly.

Mr. ILSLEY: I think I am correct in this; this is my information. If the person is superannuated he would not be making contributions to that fund unless he were paying up for back service of some kind. He has an option under this bill of changing to the new pension scheme contemplated in this bill. Any person now in the force may change over from the present pension plan to the new pension plan, and provisions for transition are provided for. If he wishes to remain with the present pension plan he has the option of doing so. I presume hon. members understand the difference in principle between the two pension plans. The present pension plan provides for a free pension to the member, but a wholly member-financed pension for the dependents. The government makes no contribution to the dependent's pension under the present system, but the member of the force makes no contribution to his own pension. Every present member of the force who wishes to continue along that line may do so. Of course none of his contractual rights are taken away from him.

Mr. PROBE: That is true only of constables and N.C.O.'s.

Mr. ILSLEY: It is true of everybody.

Mr. PROBE: Officers were on a different basis before.

Mr. ILSLEY: What I have said about the non-contributory plan applies only to those below the rank of officer. The present pension plan, so far as officers are concerned, is a contributory plan. The government contributes to that, and so do the officers. The officers may continue under their present pension system, in accordance with the arrangements they have already made, or they may transfer to the new one, which is more favourable in some respects, less favourable in others, but on the whole more so, I should think.

Mr. BRYCE: I asked the minister some questions the other night about the superannuation scheme. When the new scheme is inaugurated I hope it will be a scheme where-

by, when a man decides to take advantage of the superannuation act, he will not have to continue to make payments after he has paid to the government everything he owes them. I tried to explain to the house the situation with regard to the wardens in our penitentiaries who come under a scheme such as this. They had so much to pay because they had not already made those payments, but after they had paid that up and were all clear they still had to keep on making payments until the day they died. That is not a good scheme, and I raise my voice against it now. I would ask the government not to have a scheme like that but to see to it that when a man has paid his dues to the government he will not be required to keep on paying until he dies, because there are some people who live to ninety.

Mr. ILSLEY: I think my hon. friend must be under some misapprehension. This is quite simple—at least if I can make it so. The principle that applies to penitentiary employees is exactly the same as the principle that applies in the civil service. A man may have temporary service when there is no deduction from his pay, and that arrangement may go on for ten years. He may then become permanent and may wish to take advantage of the superannuation fund. He may desire to have the time during which he was not making contributions count for pension purposes. If he wishes to have that time count for pension purposes he must make the contribution in respect of that period. He must pay 5, 5½ or 6 per cent, as the case may be, of the pay he received during that period in which he made no contributions, and he must pay interest on it, into the superannuation fund. If he pays that in a lump sum, that is the end and he needs to make no further contributions. But many persons are not in a position to make a lump-sum payment. Many persons desire to have deductions made in the future, either from pay or sometimes from pension, until they die, and a calculation is made to determine how much shall be deducted from pension to be put into the fund, being that amount which the person had not contributed in respect of the period during which he was not under the superannuation provision, when he was merely a temporary. That is the reason these deductions continue until death. They are merely the equivalent of the contributions which had not been made and which have to be made if the person is to be pensioned in respect of that period; otherwise there would be discrimination between that person and someone else from whose pay deductions had been made from the beginning of his service.

[Mr. Bryce.]

Mr. BRYCE: The minister has made that plain, and I understand it, but I am dealing with penitentiaries. I will take the matter up with him privately and thresh it out, because there are men in our penitentiary service who have paid their debt to the government, which they owed by reason of coming in late under the pension scheme from temporary service, and still they have to keep on paying until they die. This does not concern the mounted police. I hope that when the minister is preparing the bill he will see to it that no man shall have to keep on paying until the day of his death. These people I am speaking of do not owe the government anything and they are still making payments.

Mr. ILSLEY: This scheme is the same as the other one.

Mr. BRYCE: Then it is no good.

Mr. ILSLEY: My hon. friend is wrong about the other plan. No one has to keep on paying superannuation contributions which he does not owe.

Mr. PROBE: What facilities have the rank and file of the R.C.M.P. for making representations with respect to pension plans, conditions of service or pay? How can they make representations either to the commissioner or to the Minister of Justice? Where a man has been crimed, as will happen even in the R.C.M.P., what appeal is there from the commissioner's adverse decision for the R.C.M.P. constable or the non-commissioned officer under subsections 1 and 2 of 31?

Mr. ILSLEY: Those having complaints may go to the personnel department which exists for the purpose of dealing with complaints, and they may also go to their own officers and make complaints.

Mr. PROBE: They are denied power of association, however, by that order in council which I mentioned the other night.

Mr. ILSLEY: I believe there was an order in council which was passed after the Winnipeg strike or at some other time. At any rate, it has been long outstanding and I have received no complaints with reference to it.

Mr. PROBE: I have had some representations.

Mr. ILSLEY: The other question was—

Mr. PROBE: Appeal from adverse decisions.

Mr. ILSLEY: If a member of the force is dissatisfied with the decision of the deputy commissioner or assistant commissioner, there is an appeal to the minister. I have always understood in the department that they have an appeal to the minister. Certainly they do once in a while write to me, and they are outspoken. I believe that has happened twice.

Mr. ADAMSON: There is one suggestion I wish to make with regard to the question of intimidation. The intimidation is undoubtedly very real; it does exist. The minister asked how the criminal code might be amended. I suggest to him that any organization or any individual collecting funds for use outside Canada, for charitable purposes or for a service outside Canada, should be registered with the federal government. During the war we had the War Charities Act and it created no great hardship in the raising of funds for charities. Much of the intimidation comes from persons who have been citizens of, or who are descended from persons who were citizens of countries behind what is known as the iron curtain. They approach others asking for donations for charitable or other purposes. A great deal of the trouble in this respect might be overcome if the appropriate act, whether it be the criminal code or some other statute, were amended to provide that anyone soliciting funds for charitable purposes or for other uses outside Canada should be registered with the federal government. I believe that is in accordance with what the United States government has done, and it is particularly useful in this country, where we have had recently a number of serious attempts at intimidation, particularly of displaced persons. Persons coming to this country, often with little or no knowledge of our language, have frequently been met and have been made to undergo certain pressure tactics by communist groups to join the communist party. In any case their faith in the democratic system under which we live in Canada is exposed to danger and may be shaken. I think that has been proved in numbers of cases, and is particularly true of displaced persons coming from Europe to work in the mining and logging industries.

There is one more case which received a good deal of attention in the press recently. That is the case of the Soviet embassy's advertising in the foreign language newspapers of this country, particularly the Baltic language newspapers, and stating that it was necessary for those persons who were Baltic citizens at one time to register with the Soviet embassy. I believe that case has been taken up by the Department of External Affairs. Nevertheless, that advertisement constituted a definite threat to those people who read the foreign language newspapers and whose knowledge of English is not great or is perhaps nonexistent. In my opinion that amounts to a threat. Not only that, it amounts to an abuse by the Soviet embassy of its rights and is a departure from the ordinary course of diplomatic behaviour in Canada or in any other country. No Canadian embassy would ever dream of doing such a thing in any foreign country, and I consider this definitely amounts to a threat. That case is particularly interesting today when, although perhaps from a *de jure* point of view there is a difference between the Soviet government and the communist party, there is perhaps no difference from a *de facto* point of view. I believe the government should consider an amendment to the criminal code particularly with regard to that matter.

I have one more suggestion to make with regard to pay to the mounted police. In the force today there are a number of officers who must undertake special extra training. I am thinking of the matter from the technical point of view, and am referring to those who are doing, shall we say, flying operations or special operations with regard to medical and legal work. These men must have high technical qualifications. Frequently they are university graduates. I believe that some recognition of these extra duties should be given in this act. I have read the act cursorily, but I believe that the men who are thus specially trained should receive special consideration with regard to pay.

Another matter to which I wish to refer is with regard to these men who are doing work in the intelligence department of this great force. An intelligence officer frequently does not wear a uniform. He must assume various types of dress. He is required to mingle in all classes of society. In this day and age he must be a diplomatic and cosmopolitan person indeed. Particularly with regard to the clothing and travelling allowances of persons doing this work, I think the regulations should be made more liberal so that under no circumstances will an officer of the force who is doing intelligence work ever need to think of the extra cost of, shall we say, spoiling his civilian clothes or having to take, in the line of duty, chances which might damage his property. I mention that matter inasmuch as several officers have mentioned it to me.

In conclusion, I want to say that in the federal bureau of investigation I think the minimum salary starts off at the rate of

$4,000 a year for what they call the agent. It rapidly increases to $6,000 or $8,000 for the next two or three steps up. Those are rates of pay considerably in excess of the pay given to the mounted police. It was said by the minister's predecessor that we in Canada could not ever expect to pay our services the rates paid in the United States. That perhaps is an unfortunate truth; but I suggest that, with regard to work done in line of duty, these technical men of high educational qualifications and great training should receive extra consideration for the work they do and the risks they take.

Mr. LOCKHART: I will take just a moment or two. The minister may reply when he answers the question asked by the hon. member for York West regarding possible changes in the criminal code. The hon. member has covered the point fairly well. In his remarks he said that donations were requested for specific purposes. It is not only a request; it is a demand. I can assure the minister of that. I may advise the minister that I made it my business to pass on to the officers of the R.C.M.P. certain information pointing out that a dead set was being made by certain active communist workers to specialize on their point of contact with the displaced people. I sent to the department the evidence in a specific case. I had the gentleman who was kind enough to come to me about the matter interview one of the officers of the R.C.M.P. staff.

I will go a step farther. There is a definite circulation of subversive literature going on in certain parts of the country. I am wondering if steps are being taken to stamp this type of thing out. I should like to cite to the minister one instance which occurred quite recently. Within the last two or three weeks a man was caught distributing, in the dead of night, this particular subversive literature. He was brought in by one of the local police officers. He was caught with a copy of the literature. He openly defied the police officer and said, "I am a communist and proud of it." That was his attitude, and these threats are actually being made.

There has come to my attention something else, which perhaps the minister knows about; that is, the practice of sending teen-age children back to certain foreign countries, supposedly for education. Several people of European origin have told me of being approached in this connection, and that many of these children have gone back. I believe the country concerned, as far as I was told, was Czechoslovakia. I should like to know if there is any law or regulation under which Canadian citizenship could be taken away from any person proved guilty of doing things of this kind. I think that would have a definite effect, because they value that citizenship and guard it closely once they get it, since it protects them in case they get in trouble and go a step too far.

I mention these things so that the minister may know the anxiety I feel, because I have come closely in touch with these matters; and I have other information I want to pass on to the officers of the mounted police within a very few days. I am digging up more all the time.

Mr. SHAW: When Bill No. 211 came before the house for second reading the hon. member for Lake Centre made reference to a matter it had been my intention to raise. I appreciate the fact that it has been discussed, but I should like to refer to it again.

The hon. member indicated that he considered it most unfair to members of the force that when they come up for trial they should be denied the privilege of being represented by counsel. Without making reference to any specific case, I have an incident in mind in making these remarks. As matters stand at present, a commissioned officer may issue orders or instructions. An N.C.O. on detachment may conscientiously carry out such orders or instructions, but somewhere someone may err. The commissioned officer is in a position to lay a charge against the N.C.O. He may also hear the charge, and may also impose sentence, though the original error in judgment, made in good faith, may be attributable to the commissioned officer involved. It seems to me the N.C.O. is placed in a most unfortunate position. He is not represented by counsel. It is not as though the charge is being heard in a civil court. I understood the minister to say such a man could appeal to a personnel board or to the minister—

Mr. ILSLEY: No, he does not go to the personnel board. In the case the hon. gentleman is describing, the officer would be holding an investigation under oath for the information of the commissioner, and if the constable or non-commissioned officer is dissatisfied with the decision of the commissioner he can get in touch with the minister.

Mr. SHAW: The unfortunate part of it is that the N.C.O., who may be desirous of continuing with the force, is placed in the position that he has to appeal against the decision of his superior officer, and he is a bit hesitant about doing that. He fears the repercussions that may follow; he sees the possibility of a reduction in rank at some time or another,

without a great deal of justification; he may experience a transfer to a much less desirable detachment. As I say, he is placed in a much more unfortunate position than he need be if he were given an opportunity in the first place to obtain the assistance of counsel or, as I have heard many people suggest, if he had the right to appear before a civil court. There may be arguments against that, but certainly it appeals to me as preferable to the existing practice.

In what I say I do not want it to be considered for a moment that I am endeavouring to detract from the great work of the Royal Canadian Mounted Police. On previous occasions I have expressed myself in this connection. One would have to be blind indeed to fail to appreciate the great work done by the Royal Canadian Mounted Police, both now and when they were known under another name. I do feel, however, that injustices have been imposed upon N.C.O.'s and constables under the present method of conducting trial of charges laid by commissioned officers.

Mr. ILSLEY: Under the regulations a member of the force being investigated has the right to request the assistance of any officer, non-commissioned officer or constable in the force. He may not have outside counsel, I admit, but he has the right to be assisted or represented by another member of the force.

Mr. SHAW: Are they made fully aware of that right?

Mr. ILSLEY: Yes. In the only case I can remember reading through I was impressed with the great intelligence shown by the man being investigated, who was permitted to cross-examine and did cross-examine, with much ability, the witnesses who appeared against him. He was found guilty and dismissed from the force, and appealed to me. I was struck with the fairness of the proceedings. That man did not require the assistance of anyone; as far as I could see he certainly did not need it.

Mr. SMITH (Calgary West): Is there a verbatim transcript of these hearings?

Mr. ILSLEY: Yes.

Mr. ISNOR: I am not going to take very much time, Mr. Chairman, nor shall I go over the ground already covered with respect to this fine body of men. On more than one occasion I have gone on record in that regard. I remember that in the Nova Scotia legislature in 1929 I said I felt that the Royal Canadian Mounted Police would be a much better body of men to carry out the work of patrolling our province than men selected locally, because they would be a more independent body, and for other reasons I mentioned at that time. So I do not propose to deal with that point at all beyond saying that I believe the Halifax division is composed of men of a very fine type. I believe I should make that statement because of the splendid type of service they have given, not only in the capital city but throughout the province.

I wish to bring two matters to the attention of the minister, because I consider them important in view of the effect they may have on the service. I notice that in section 1 it is proposed to drop the word "marine." Unless I hear very good reasons for it, I am inclined to think this is a mistake. In the Department of National Defence we have the army, navy and air force, each with its own work to do, but all under one head and operating efficiently. I believe it is a good thing to have them all under one department. But I say that on the east and west coasts the marine section has a certain type of work, and does that work well. Instead of dropping the marine section, I would hope there would be a general expansion of the branch, and added duties which would perhaps give us greater protection along the shore and at the same time carry out a still greater degree of rescue work.

I feel that if the marine section of the mounted police were expanded or enlarged it could be closely co-operative with the Royal Canadian Air Force, and perform the duties carried on by the coast guard in the United States. They could be of valuable assistance along the Atlantic shoreline, and I suggest that the minister might discuss this matter with the commissioner who, I believe, appreciates the points I am raising. What I have said about the Atlantic coast applies equally to the west coast. That is all I wish to say about the marine section. I thought it was a mistake to drop the word "marine". It is about the same as taking away the uniform worn by members of the mounted police.

There are two other matters I would bring to the attention of the minister. The first has to do with the transfer of men from one section of the country to another. This is done often. Perhaps it is a matter which the commissioner and officers of the Royal Canadian Mounted Police understand more fully than I do. However, with the housing situation as it is throughout certain sections of Canada, and in view of the fact that a number of these men are married, it seems to me unreasonable and not in the best interests of those concerned to transfer a man from Halifax to

Vancouver, or from Halifax to Ottawa, Montreal or Toronto, where housing conditions are similar to those we have in Halifax. A man for a long period of time would have to maintain two homes. I should think that at the present time it would be good policy not to bring about any unnecessary transfers; indeed it would be wise to keep them at the lowest possible minimum.

Then, it is my understanding that transportation is provided upon a man's leaving the force or retiring therefrom. The rule is that a man taking his superannuation must signify immediately his intention of moving to a certain section of the country. A short time ago a member of the force took his superannuation; but when, in the regular way, he was asked the question as to whether he wanted transportation he was unable to say that he did require it. He had been unable to secure housing accommodation where he wished to go, and for that reason was unable to accept transportation, or to say, "Yes; I want transportation for my wife, myself and furniture". Two months later he did find a house and then made application for transportation, this time only for himself and his wife, without the furniture. I feel that there should be a time limit, or that some leeway should be given, so that cases of this kind could be given favourable consideration. I quite realize that regulations must be followed; but common sense should be exercised and a certain degree of reasonableness shown in borderline cases like this one.

I have presented these facts as briefly as I could, sincerely hoping that, with his usual good judgment, the minister will give them the attention they deserve.

Mr. SMITH (Calgary West): Was that man refused transportation?

Mr. ISNOR: He has not yet received it.

Mr. SMITH (Calgary West): But he was not refused it.

Mr. ISNOR: In a sense, yes.

Mr. SMITH (Calgary West): Was it to go to the same place?

Mr. ISNOR: Yes.

Mr. ILSLEY: I shall give consideration to the matters the hon. member has raised, although, with the exception of the one having to do with the marine section, they do not have reference to the present bill.

The marine section is not abolished, but the force amounting to the marine section is incorporated into the Royal Canadian Mounted Police. This means they have the same ranks, and their ranks will have the same description now, by regulation, as those in the mounted police, namely officers, non-commissioned officers, constables and so on. Before this they were known by all kinds of names, such as skipper-lieutenants, and descriptions of that kind. They are now brought into conformity with the rest of the force so that an officer now means a commissioned officer of the force. It is not necessary to add, "and also an officer of the marine section", because he has the same rank.

Mr. ISNOR: The marine section will still be maintained?

Mr. ILSLEY: Yes; it is not provided for in the act. This is merely the definition of "officer".

Mr. SMITH (Calgary West): There is greater opportunity for promotion in a larger field.

Mr. ILSLEY: I do not know about that; I should think there would be more mobility.

Mr. HANSELL: I do not wish to open up the subject of pay, because it has already been discussed, and it comes into this bill only indirectly in view of the contributory pension scheme. It does affect one's pay, because there comes a time when people speak in terms of their take-home pay. I do not think the minister or any other person can compare the work of the Royal Canadian Mounted Police with that of the civil service, or other types of employment such as driving trucks or operating garages, or with the work of men who would take odd jobs here and there. I say that because the mounted police to a great extent offers a life's work, otherwise I do not suppose the pension scheme would be before us. When a man joins the force he does so with the idea of making it his life's work.

I was wondering if the minister would care to place on *Hansard*, without any discussion of the matter, the scale of pay that the mounted police receive.

I think it can be said that the work of the R.C.M.P. is highly specialized. While at times they are used as highway patrols or something like that, that is only a small part of their work. They have to be schooled and as they are in the service they have to become highly specialized in their work. Their work is comparable with that of many of the professions, and that is why I believe this matter of pay should be taken into consideration.

Before I take my seat there is one more question I should like to ask the minister. Does the R.C.M.P. carry out secret service work, or is there a secret service or intelligence

branch in Canada? Perhaps I had better put it this way. There is such a thing as military service. Is that a separate branch from the R.C.M.P., or is there such a branch? Is the R.C.M.P. the branch of government service that takes care of intelligence work throughout the country? If that is so, then their work becomes highly specialized.

I am interested in this for more reasons than one, which I think can readily be guessed. There are more dangers in this country than most of us realize. When we think of espionage and sabotage we think in terms of blowing up a public building, a factory, a ship or something like that, but there are more than buildings and factories that can be sabotaged. The thinking and the minds of the Canadian people can be sabotaged. That is a branch of intelligence which seldom comes into the picture, but it is an important one, because what is happening today in Canada and what has happened in the past is conditioning our own people to receive that which is absolutely foreign to our concept of democratic citizenship.

I think I have said a lot in these last few sentences. There are just the two questions I have asked the minister. First, will he put on *Hansard* the scale of pay and, second, will he state whether there is any other body in the country doing intelligence work? Perhaps that last question should be answered privately, because I have no desire to embarrass the minister.

Mr. ILSLEY: With the consent of the committee I would place on *Hansard* these rates of pay and allowances.

Mr. COCKERAM: Those are the new rates?

Mr. ILSLEY: The new rates.

Mr. SMITH (Calgary West): But not perquisites?

Mr. ILSLEY: In addition, the members of the force are found, so to speak. They get their food and uniform and boots and they receive medical, dental and hospital care. They are pensioned for disability if disabled in the course of duty and they are under a pension scheme to which the government makes a large contribution. These things are all in addition to the rates of pay and allowances.

Mr. SMITH (Calgary West): I merely thought they should all be shown together.

Mr. ILSLEY: I would feel better about it if that were done. What happens is that someone looks at this and sees that a constable receives $3.50 a day, and he thinks that is not very much.

Mr. SMITH (Calgary West): That is what I was talking about.

Mr. ILSLEY: A third-class constable receives $3.50 a day or $5.90 if married, but that is just the beginning because there are these other things as well.

Mr. BENTLEY: Are all the items on that list?

Mr. ILSLEY: Perhaps I had better wait and put the whole thing on together.

Mr. BENTLEY: I think it would be better.

Mr. SMITH (Calgary West): A man in a detachment has his house.

Mr. COCKERAM: Have the Arctic allowances been increased?

Mr. ILSLEY: Living allowance was increased fifteen cents a day and the pay was increased seventy-five cents a day. The matter was considered for some time, and there was a feeling, on the part of some in the government service for whose opinion I have great respect, that to have the pay compare with that paid in other comparable forces it should be increased sixty cents a day with a 25-cent increase in the allowance, or a total of eighty-five cents. It was finally decided to give an increase of seventy-five cents a day in the pay and an increase of fifteen cents a day in the allowance, which is a little better. In fact it is much better for the kind of people we want to recruit.

Mr. COCKERAM: I had in mind the Arctic regions, the Yukon and the Northwest Territories where the cost of living is so much greater than in other places. Has that been taken into consideration?

Mr. ILSLEY: There are special living allowances for those regions where the cost of living is high.

Mr. BENTLEY: Could the minister give some indication what part of the allowance is deductible for income tax purposes and what part is tax free?

Mr. ILSLEY: I shall try to get that information. I had better not put this list on the record this afternoon. There will be sections in this long act under which it will be in order to put it on the record. I shall try to get a complete statement as well as the income tax information.

Mr. HANSELL: We want a true picture, so that we may as well leave it to the minister to decide when to put it on. Will the minister answer my other question?

Mr. ILSLEY: Was the question as to whether this is the only intelligence branch in the public service?

Mr. HANSELL: Yes.

Mr. ILSLEY: The armed forces have their intelligence branches.

Mr. HANSELL: Perhaps I had better talk to the minister privately about this, because it is a delicate matter.

Mr. LENNARD: Is there an allowance for those on plainclothes duty?

Mr. ILSLEY: Fifty cents a day.

Mr. LENNARD: Is that a clothing allowance?

Mr. ILSLEY: Yes.

Mr. LENNARD: I rather hesitate to comment. The men that I know are of a very high type. I doubt very much whether fifty cents a day as a clothing allowance is enough when one considers the work they have to do and the different circles in which they have to move. I doubt very much whether it is adequate to permit them to do the job they are supposed to do.

Mr. PROBE: I do not want to delay too long the passage of this section, but the amendment deals with members of the force and states:

"(c) 'member of the force' or 'member' includes the commissioner and every other officer, non-commissioned officer and man or woman of the force."

As a matter of statistical interest, can the minister indicate how many women are in the R.C.M.P. and whether they are on the same pay classification as other members of the force, whether their duties correspond with those of other members and whether they are subject to the same discipline and promotion?

Mr. ILSLEY: There are no regular women members of the force at all at the present time. There are some women who are special constables, but none who are constables, non-commissioned officers or officers. This makes provision for adding them some time in the future, but I may say there are no definite plans for adding them either.

Mr. MASSEY: I wish to make a few remarks in regard to my high opinion of the force as a result of my contact with it during the years in various ways and the magnificent work done. I should like to associate my voice with those who have uttered panegyrics when discussing this legislation.

My chief purpose in rising now is to ask the minister a question. I refer to a particular case and the decision made in that case, namely, an officer or constable of the R.C.M.P. who served the forces well and faithfully for many years prior to the war. He asked for his release from the R.C.M.P. in order to become a D.A.P.M. with the R.C.A.F. He was released from the service of the R.C.M.P. in order to join the R.C.A.F. He was one of the first of the D.A.P.M's. I personally saw him at work, and for the time that he was with me he did a perfectly magnificent job of a highly specialized nature. He continued to do his good work; he was promoted consistently until he attained the rank of wing commander, which was a very high rank, as the minister knows, for a D.A.P.M. During the course of his duty he had to report to Newfoundland, and during a trip there he was torpedoed and suffered a severe illness consequent upon the exposure. However, he ultimately returned to duty where he remained until the end of the war, and then he endeavoured to rejoin the R.C.M.P. At that time he was told he was over-age and could no longer be a constable in the R.C.M.P. He had retired from the R.C.A.F. because his services were no longer required. He had been released from the R.C.M.P. and could not rejoin them because he was over-age. He now finds himself with only a very small pension from the R.C.A.F. and with no pension whatsoever from the R.C.M.P. and no hope of getting any.

It would seem to me that the position of that man is most incongruous. He did not leave the R.C.M.P. to take up some civilian employment or to get a better job or really to change his duties. He virtually changed his uniform. The service in the R.C.M.P. is the service of his country; the service in the R.C.A.F. is the service of his country. Just because he wears a different uniform for six years he loses the benefits of a pension, and that man today, living in British Columbia as he does, is endeavouring to eke out an existence and not too successfully. It appears on the surface that if what has been done is within the four corners of the act in regard to pension, then the act is definitely at fault.

Mr. ILSLEY: Is the man not on pension from the R.C.M.P.?

Mr. MASSEY: No, he is not.

Mr. ILSLEY: What were the circumstances of the separation from the R.C.M.P.?

Mr. MASSEY: He asked to be released from the R.C.M.P. in order to join the R.C.A.F.

Mr. ILSLEY: How long had he been in the R.C.M.P.?

Mr. MASSEY: I have not the file before me, but it was a matter of many years. I would say fifteen years or more, perhaps twenty. He was highly thought of. I do not hesitate to give the minister the man's name. His name is Hammond. I think the commissioner knows something of the case. I bring it up at this time not merely to draw the minister's attention to that particular case; but if what has been done is unquestionably within the four corners of the act as it now exists I suggest that the act is definitely at fault, and when we are making a revision of the act a case of that sort should be considered and the act amended so that such an injustice should not arise. That is my purpose in bringing the matter to the minister's attention now.

Mr. ILSLEY: I am told that Hammond is a pensioner of the R.C.M.P., went on pension and enlisted in the R.C.A.F., and his services in the forces do not count for pension in the R.C.M.P. in those circumstances.

Mr. MASSEY: As I understand the case, the man in question was on active service in the R.C.M.P. at the time he enlisted in the R.C.A.F. He was released from the R.C.M.P. in order to join the R.C.A.F.

Mr. ILSLEY: I will find out about the case. I think I have some correspondence on it. What the hon. gentleman says is so. If a person withdraws from the R.C.M.P. and then enlists in the armed forces he cannot be regarded as a member of the R.C.M.P. for pension purposes.

Mr. MASSEY: But my point is this. It is true he terminated his service temporarily, he hoped, in these circumstances, with the R.C.M.P. in order to serve with the R.C.A.F. The minister must realize that at the start of the war the P.M. services, whether with the R.C.A.F. or with the army or navy, were very much limited. They required experienced men. It was a little tough at the start of the war to enforce discipline and provost marshals were required. Naturally one would seek provost marshals from the sources where he could get the best men.

Mr. ILSLEY: Just a minute. This man could not have been in the provost corps, or what the hon. member is saying would not apply at all.

Mr. MASSEY: Well, he was, *ipso facto*.

Mr. ILSLEY: In the provost corps?

Mr. MASSEY: Certainly, with my staff.

Mr. ILSLEY: In the provost corps?

Mr. MASSEY: Yes.

Mr. ILSLEY: He had separated himself from the R.C.M.P.?

Mr. MASSEY: I tried to make it clear that he asked for release from the R.C.M.P. in order to join the R.C.A.F.

Mr. ILSLEY: I will look into the case. At the beginning of the war in 1939 the force was circularized and asked not to enlist for active service except in a particular way. Some of the men disregarded these instructions and did enlist. This man was one of them. The mystery to me is, how did he get out to join the provost corps?

Mr. PROBE: No. 1 provost corps.

Mr. ILSLEY: That was encouraged. The provost corps was organized from the force. Why did he leave the force?

Mr. MASSEY: I am going back to the start of the war in 1939 when the air force was 3,000 all ranks and nobody had ever heard of a provost marshal in it. Suddenly they found themselves enlisting thousands of young lads, and certainly there was some provost corps necessary in the R.C.A.F. from early on. The minister well knows the difficulties which were faced at that time. Experienced men were required. Police constables were not good enough. Some R.C.M.P. constables came into the service at that time. Hammond was one, and he was commissioned. When I first knew him he was a flying officer.

Mr. ILSLEY: Why did he leave the R.C.M.P.? If he had not left the R.C.M.P. he would not be in any trouble today.

Mr. MASSEY: I think the man was far more interested in serving his country than in getting a pension. That is the plain answer.

Mr. ILSLEY: No.

Mr. MASSEY: Yes, it is, *ipso facto*. He left the force in order to join the R.C.A.F.

Mr. ILSLEY: They were encouraged to join the provost corps as members of the R.C.M.P. Why did he separate himself from the R.C.M.P. to join?

Mr. MASSEY: Because provost corps was army. I am talking about the R.C.A.F. This man came into the R.C.A.F. and not the provost corps.

Mr. ILSLEY: This was not covered by the authorization given to members of the R.C.M.P.?

Mr. MASSEY: No.

Mr. ILSLEY: This man, then, acted in a manner contrary to the circularization of the members of the R.C.M.P. at the beginning of the war.

Mr. MASSEY: If you want to put it that way. The man did an excellent job of work, a most useful job. I could detain this committee for an hour reciting his qualifications and commenting on the work he did while I was adjutant at Trenton. He did a magnificent job in cleaning up a serious situation in Trenton, so much so that he was moved to Halifax, where he did an equally outstanding job, and from there he was sent to Newfoundland. That was when the torpedo business happened. He was used for special work because he had had training with the R.C.M.P. and was the sort of man we needed in the air force for our purposes. We got him there and now he is penalized.

Section agreed to.

Sections 3 to 9 inclusive agreed to.

On section 10—Definitions.

Mr. ILSLEY: I should like to have this section carried too, but an amendment is required to section 91. Section 10 is a very long one running over a great many pages. Perhaps it might stand. Does the committee wish to take the various parts of the section one by one?

Mr. KNOWLES: What part does the minister propose to amend?

Mr. ILSLEY: The amendment to the part I propose to amend has not yet been drafted. It is necessitated by a last-moment emergency. It will be found on page 5 of the bill in (j).

Mr. KNOWLES: Why not let 91 stand?

Mr. ILSLEY: Perhaps that might stand and we could carry the rest of it.

Mr. PROBE: Before the rest of it is passed, I would call the minister's attention to subsection 3 on page 7 of the bill, which comes under section 94. Subsection 3 reads:

> A contribution made under this section or under subsection 2 of section 93 may be made in one sum or by instalments of equivalent value payable by reservation from pay and allowances or otherwise, for life, or for a period of years or for life whichever is the shorter—

And so on. I made reference earlier to a case that has necessitated some correspondence, in which a sergeant-major of the R.C.M.P. had retired some twelve or thirteen years ago, at which time it was calculated for him that, in order to keep certain superannuation benefits active, he could pay in cash at that time, in 1935, the sum of $2,859.28, or elect to pay for life the sum of $219 a year. He elected the latter, and he states that by last year he had contributed the sum of $2,609.75, leaving a balance of $249 still due on the full amount. In the intervening years he had made practically the full payment except for a few dollars remaining unpaid at the present time. He made monthly payments of $18.25 on account of prior service contribution to the widows' pension fund for the rest of his life. That was the option he chose. In view of the fact that he has made approximately the full payment demanded of him, what is the justice in continuing this monthly payment of $18.25 for the rest of his life for the purpose of enabling his widow to benefit?

Mr. ILSLEY: I believe I have seen something about that case in my own correspondence. I should like to have the name so that I may look into it, but I will give the hon. gentleman my surmise of the explanation. This contributor apparently elected to pay for his full life.

Mr. PROBE: That is right.

Mr. ILSLEY: He must have had a life expectancy which he has exceeded.

Mr. PROBE: I see the insurance angle.

Mr. ILSLEY: If he had not reached the life expectancy the fund would have received only half the amount paid in. There must be cases where more than the original amount is paid in; otherwise the fund would not be receiving enough money.

Mr. PROBE: As a matter of fact, the man who was pensioned off twelve or fifteen years ago on the old rates of pay is penalized to some extent, the minister must admit, with respect to his pension expectancy as compared with those who are now in process of being pensioned off at more attractive rates of pay. On that basis could not some consideration be given cases such as this? I see the minister's point all right. There was authorized a commutation of $2,800 in lieu of life expectancy of so many years, or alternatively he could pay $18.25 a month. He has made that payment. The interest has been four per cent. The fund has benefited by these payments and he is not receiving any increased pension because, as the minister said a few moments ago, no consideration is being given to increasing the pension. Would the minister consider increasing some of these pensions that were based on lower rates of pay while in service? I may say that this is the case of Sergeant-Major Hannah.

Mr. ILSLEY: I cannot hold out any hope that we shall disturb the old scheme. It would upset everything if we did. That pensioner, like others, received free pension for himself to which he made no contribution whatever. It was non-contributory. He purchased a pension. He went into the fund

under which his dependents would be pensioned according to a certain plan. The fund cannot begin waiving payments. The process would be endless.

Mr. PROBE: What I am asking the minister to do here is precisely what we are doing in the case of military pensions which were granted at a certain rate following the first world war. I think the principle has been soundly established in this case, even though it is not covered by the amendment.

Mr. ILSLEY: We are not doing it for civil service pensioners, for people who were under a pension scheme. Disability pensions are entirely different. What about annuitants or anyone else?

Mr. PROBE: I would not argue about commercial annuities.

The DEPUTY CHAIRMAN: Shall clause 10 carry with the exception of 91 (j)?

Some hon. MEMBERS: Carried.

Section with reservation agreed to.

The DEPUTY CHAIRMAN: Shall I report progress?

Mr. ILSLEY: There is something else which I might as well explain now. It is at the very end. It is in section 110 on page 15 of the bill. I am sorry to have to explain this because it is difficult to explain. These sections in part VI, dealing with injury or death on service, provide for the application of the pension scale in the Pension Act to members of the R.C.M.P. who suffer disability or die. In order to apply the provisions of the Pension Act, which provide pensions at varying rates for various ranks, we must state in some way or another, directly or indirectly, what ranks correspond to the ranks in the R.C.M.P. For certain reasons it is undesirable to name the ranks. So it is proposed to say this:

(3) For the purposes of the application of schedules "A" and "B" of the Pension Act under this section, the ranks in the force set out in the following table shall be deemed to correspond to the military ranks in respect of which the rates of pension set out in the attached table are applicable.

One of those figures is $840, which is not yet settled as being the disability pension for certain ranks in the armed forces. We must therefore tie to something that is settled. So I propose an amendment which will make this subsection read differently and which will cross out the words "are applicable" and will substitute the words "were applicable on the thirtieth day of September, 1947." Then the figures that will be inserted here will be the figures that were applicable on the thirtieth day of September, 1947, which is the day before the new rates of pensions will become applicable. That does not mean at all that these figures on page 16 will be the rates at which the R.C.M.P. are pensionable. It means that they will be pensionable at the rates applicable to the ranks to which these figures were applicable on the thirtieth day of September, 1947.

Mr. KNOWLES: The reference is to the disability pension act?

Mr. ILSLEY: The Pension Act, which relates to disability pensions in the army. I have explained the situation. I think the best way is to let this stand. We can pass everything, with the exception of 91(j) that we have already mentioned and of this subsection 3 of section 110 of the act. Then I shall bring in a properly written amendment. We can pass everything but that. The rest of the act is all right as far as I know.

The DEPUTY CHAIRMAN: Is that agreeable to the committee?

Some hon. MEMBERS: Agreed.

The DEPUTY CHAIRMAN: Shall I report progress?

Mr. ILSLEY: Yes.

Progress reported.

NORTHWEST TERRITORIES ACT

PRESERVATION OF GAME—APPELLATE JURISDICTION FROM STIPENDIARY MAGISTRATE

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources) moved the second reading of Bill No. 9, to amend the Northwest Territories Act.

He said: I do not want to delay the passing of this simple bill, Mr. Speaker, but I think I should make a brief statement. Supplementing the information given in the explanatory notes, I may say that even before the transfer of the natural resources to the western provinces in 1930 the provincial governments administered the game and fur regulations. Similarly, the Yukon territorial government deals with these matters by territorial ordinances. It is desired to place the Northwest Territories council in exactly the same position so that the administration of these particular resources which are of such intimate concern to the local people should be subject to control and administration by the Northwest Territories council. This will enable necessary changes in policy to be made effective promptly to meet the changes which

often occur suddenly owing to climatic conditions or forest fires. Already the Northwest Territories council has been authorized to fix and does fix the royalties which must be paid by those exporting fur from the territories.

The other feature of this legislation is the provision which will enable appeals from the judgment of stipendiary magistrates in civil matters. In criminal matters there is already a right to appeal to a provincial court, as set out in the criminal code. The reason why this amendment only provides the right to appeal to the Alberta courts is that the only stipendiary magistrates are in the Mackenzie district of the Northwest Territories, which is directly north of Alberta.

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

Section 1 agreed to.

On section 2—Appellate jurisdiction from stipendiary magistrate.

Mr. BLACK (Yukon): I wish simply to point out to the minister who is in charge of the bill and to the committee that the wording of the section which provides that appeal from stipendiary magistrates in the Northwest Territories, which territories include the district of Mackenzie, is to the appellate division of the supreme court of Alberta, which is quite appropriate. This emphasizes what I have repeatedly pointed out to the minister, to the government and to the house, namely the impropriety of having added the Mackenzie district of the Northwest Territories to Yukon as an electoral district. Appeals from all parts of Yukon go, not to the appellate court of Alberta but to the appellate court of British Columbia, because in fact practically all the business and all the communications of the Northwest Territories go to British Columbia on the west coast of Canada.

At this session of parliament I hope the minister and his government will see their way clear to undo the wrong that has been done to the people of the Mackenzie district and of the Yukon in uniting them as an electoral district. Because of the importance of the Mackenzie district, I believe the people of Mackenzie are entitled to a member in this house, just as the territory of Yukon has had a member for many years. It has never had a population which would entitle it to a member, but because of its importance as a producer of wealth in this dominion it has been given that privilege. The Mackenzie district is in exactly the same position, and the government should follow the same course in connection with Mackenzie that has been followed in connection with Yukon.

Mr. GRAYDON: As one coming from another part of Canada than that which the hon. member who has just spoken comes from, I wish to add a word in support of what he has said with respect to the joining of these two very large areas in one electoral district. This is a matter which normally would arise in another debate, but I hope the chairman and the committee will bear with me, because I am not going to take much time now.

It seems to me that the situation in Yukon has been accepted and recognized for many years, and as far as I know there has never been any desire on the part of residents of the Yukon to make any change There we have a small population, but there are special problems in the Yukon which I think call for a member of parliament who is particularly conversant with the situation there. We in central Canada have no conception of the problems that arise, as a result of the distances which must be covered in that constituency, in connection with electoral representation in the House of Commons.

So it is in the case of Mackenzie, which seems likely to become an important and more thickly populated part of this country. It seems to me that they need a member of their own to assist in the development of that district. The situation in connection with representation there is far different from the situation with respect to other great sections of our population which perhaps have a greater past than future, though this may not apply to many districts in Canada. Nevertheless it seems to me that legislation of this kind, and similar matters which may arise from time to time in future, urgently demand the presence in this house of a member representing that district, in order to guide, promote and advance the development that is sure to take place in the Northwest Territories.

It is really a scandal that this house should have added the Northwest Territories to Yukon, when each district has special problems which are difficult enough to handle as it is, without trying to throw the problems of both districts into the lap of one man. I appreciate the privilege you have given me, Mr. Chairman, of saying these few words. I know my remarks have been out of order, but I do not apologize for having made them because I believe this matter goes to the very root of the development of the Northwest Territories. We believe that Yukon is entitled to a member, and certainly the Mackenzie district is equally entitled to a member. It seems to me

that these arguments are unassailable, and I should like to see the suggestion of the hon. member for Yukon carried out. After all, what we did last session can be changed if we find what we did was wrong, and I believe that the government should consider what I believe is the almost unanimous opinion of this house that each of these districts, in which all the people of Canada are interested, should have a member. It is for these reasons that I, coming from central Canada, have risen to support the hon. member for Yukon, who I think has an unassailable argument in his favour.

Section agreed to.

Section 3 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

DOMINION WATER POWER ACT

PROVISION FOR CONSTRUCTION OF UNDERTAKINGS UPON LANDS OF THE DOMINION

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources) moved the second reading of Bill No. 11, to amend the Dominion Water Power Act.

He said: Mr. Speaker, I think I should make a brief statement at this time. Early in 1946 it was decided to expedite the economic development of the Northwest Territories, including the expansion of the mining industry, by the development of a hydro electric development in the Snare river drainage basin, by the crown, for the supply of power to the Yellowknife district where a demand for mining purposes already existed.

On February 15, 1946, an order in council, P.C. 507, was passed upon the recommendation of the Minister of Mines and Resources concurred in by the Minister of Reconstruction and Supply under the authority of the Dominion Water Power Act, R.S.C., 1927, chapter 210, approving the construction in the name of His Majesty of the Snare river power development. The order also authorized the making of arrangements for the construction of a transmission line from the development to the Giant Yellowknife gold mines property, where an immediate market for power already existed.

Subsequently the deputy minister of justice expressed the opinion that, while the Dominion Water Power Act appeared to contemplate that such projects would be constructed on behalf of the crown, the act did not in express terms authorize such construction. In other words, his opinion was that the act did not provide the necessary authority for the order in council.

The development was proceeded with under authority of the wording of a vote approved by parliament for the project in the supplementary estimates for 1946-47, vote 775; and the wording of a vote approved by parliament for the project in the main estimates for 1947-48, vote 165. Similar authority is asked in the wording of the vote submitted to parliament in the main estimates for 1948-49, vote 210. It was felt, however, that in view of the opinion of the deputy minister of justice the Dominion Water Power Act should be amended to remove all doubt as to the power of the governor in council to authorize the construction of power developments on behalf of the crown, if such construction were considered desirable.

Section 12 of the Dominion Water Power Act sets forth the various matters with which the governor in council may deal and the purpose of the bill is to insert after paragraph (o) of the original act a new provision:

(p) for the construction, maintenance and operation by the minister of any undertaking upon lands of the dominion; and"

The amendments provided by paragraphs (o) and (q) are of a minor nature only and do not in any way change the sense of paragraphs (o) and (p) of the original act which they replace.

This bill, which has been prepared by the deputy minister of justice, on enactment will provide authority for the construction of power developments on lands of the dominion on behalf of the crown.

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

On section 1.

Mr. KNOWLES: Do we understand that this merely has the effect of confirming what has already been done by the government in connection with these power developments?

Mr. MacKINNON: That is right.

Mr. KNOWLES: Is it clear that, so far as the future is concerned, the reference to lands of the dominion—and if the hon. member's bill is passed that will mean lands of Canada—refers only to lands in the Yukon and the Northwest Territories?

Mr. MacKINNON: This refers only to the Northwest Territories.

Mr. KNOWLES: The passing of this legislation has no bearing upon the ownership by the crown of the power plants referred to in the minister's statement. This will not alienate that ownership?

Mr. MacKINNON: No.

Mr. HARRIS (Danforth): I should like to ask only one or two questions. All hon. members deeply regret that the Minister of Mines and Resources (Mr. Glen) is laid aside for a day or two; and perhaps we also realize that the minister who is conducting the bill through the house may not have full knowledge of the situation.

I know the Minister of Mines and Resources himself visited Yellowknife, and that visit was favourably reported in the news of the north. It was pointed out that he had given encouragement to this struggling community on one of the farthermost frontiers of Canada. I am not sure whether the minister conducting the bill through the house has been out there.

Mr. MacKINNON: At various times.

Mr. HARRIS (Danforth): In Yellowknife?

Mr. MacKINNON: Yes, at Yellowknife.

Mr. HARRIS (Danforth): I am happy to know that. It so happens that a cousin of mine operates the local newspaper, and every two or three weeks I receive the news from the north. I had not noted the minister's visit, or that he was so well versed in knowledge of that country.

May I first sound a note of encouragement with respect to the magnitude of the work going on in that frontier section? It is pleasing to note that this work is gripping the imagination of those who have funds to invest; it is calling forth the Canadian pioneer spirit, so that we may develop our frontiers more and more.

I am wondering if this bill is necessitated so as to give further help to the two large mining developments out there. I have been trying to remember their names but, since the minister has been there, he will know them. No doubt he was well entertained while he was there. Would the minister give the committee an idea of the value of this development to the mining interests which are at present making such a success of their development of one of Canada's natural resources.

Mr. MacKINNON: I have been personally acquainted with this field from the time I first went into Yellowknife, when it was only a prospect taken up by the first prospectors. I have been there several times since then but, unfortunately, not in the last couple of years. From my residence in Edmonton, however, I am in close touch with developments in that territory.

The power development is for the use of the town of Yellowknife, and more particularly for the use of the three important mines there, the Giant Yellowknife, the Con and the Negus.

[Mr. MacKinnon.]

This development will be sufficient to take care of what we believe will be a great centre in the mining development of Canada.

Mr. HARRIS (Danforth): While I am on my feet may I make one further observation. In the pioneer stage of this development, one which might be of great importance in days to come, I believe all departments of government should encourage these pioneers. I am thinking particularly of the individual men and women who go out to pioneer in that remote part of Canada. They should be encouraged in every possible way to stick to their jobs, so that, in due course, if the development turns out to be really worthwhile it may add greatly to the assets of the country.

In this connection I am thinking particularly of radio development, so that these folk, numbering around 2,000—

Mr. MacKINNON: About 3,000, I think.

Mr. HARRIS (Danforth): In order that these 3,000 individuals may be part and parcel of the enterprise with which they are connected, the department in charge of radio should see that these citizens have every advantage in the matter of radio coverage, so that they may keep in touch with the outside world.

Then, the social services with which we are blessed in the more thickly populated areas should be extended to them in the full, bearing in mind the hardships they undergo during the winter months when temperatures drop below 40 degrees below zero. Yet, despite these conditions, these people carry on, and they should be given every possible encouragement.

I understand that this amendment to the Dominion Water Power Act is just a matter of straightening out the present legislation.

Mr. MacKINNON: That is right.

Mr. HARRIS (Danforth): It has nothing to do with further development. Nevertheless those of us who live in parts of Canada which do not require so much of the pioneer spirit should lean backwards in our support of those who are out on the frontier.

Section agreed to.

Bill reported, read the third time and passed.

NATIONAL PARKS ACT

CONSOLIDATION OF PARK DESCRIPTIONS—REGULATIONS EFFECTIVE WHEN PUBLISHED IN "CANADA GAZETTE"

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources) moved the second reading of Bill No. 209 (from the senate) to amend the National Parks Act.

He said: Mr. Speaker, I should like to make a brief statement of further explanation in connection with this bill. There is little I can add to the explanation printed in the bill. However I would emphasize that the chief purpose of the bill is to consolidate the descriptions of the national parks of Canada, because this is very desirable from an administration viewpoint and for the convenience of those who desire the information. These changes were not included in the 1947 amendment of the National Parks Act, since the department was then completing arrangements with New Brunswick for a national park in that province and it was desired that the list of parks be complete.

The National Parks Act of 1930 cancelled three parks and confirmed the remainder as they then existed, with the exception of five, for which detailed descriptions were provided in the act.

All parks established prior to 1930 were set aside by order in council under the old Forest Reserves and Parks Act. There have been many changes in these parks since the first ones were established in 1911. Since the passing of the National Parks Act in 1930, three parks have been cancelled by legislation, namely, Wawaskey, Buffalo and Nemiskam.

A few changes have been made in the boundaries of some of the other parks. The Cape Breton Highlands national park and Prince Edward Island national park were established under provisions of the Nova Scotia and Prince Edward Island National Parks Act of 1936 as amended. Some changes were made later in the boundaries of these parks.

The New Brunswick national park was established pursuant to the provisions of the National Parks Act of 1937, which made special provision for the establishment of this park.

It is considered that there will be few further changes, if any, in the present boundaries, and it is very desirable in the administration of these areas to have a complete description of each park duly authorized by statute. No doubt many hon. members have noticed that during the past year orders in council on a great many subjects have been consolidated and brought up to date. This has involved a great deal of labour, but it is hoped that the consolidation, now available as a result of this work, will be of great assistance and save much research.

The same idea is carried out in the bill now before the house. In other words, it will only be necessary to refer to the National Parks Act as now amended to get a complete list of the parks.

The second section brings the practice for gazetting regulations under the National Parks Act in line with prevailing practice. Section 3 sets up the new schedule. Section 4 provides for the repeal of the special acts no longer necessary as a result of this consolidation.

Mr. A. J. BROOKS (Royal): Mr. Speaker, I wanted to say just a few words with reference to national parks. I think it is a splendid idea to determine definitely the boundaries of these national parks. I am also pleased that we are to have a national park in New Brunswick. I believe the idea was first mooted in 1936, but inspections had been made even prior to that. The people of our province were disappointed that a park was not established at the same time as the parks in Prince Edward Island and Nova Scotia. I think all the sites should have been chosen at the same time, because New Brunswick has lost considerable tourist revenue in the years from 1936 to 1948. Prince Edward Island and Nova Scotia had no difficulty in choosing their park sites and the parks were developed shortly after the sites had been chosen.

Anyone who has visited the Cape Breton national park knows they have one of the finest parks in Canada. The national park in Prince Edward Island is small, but it is beautiful and is attracting a great many tourists from the United States and other parts of Canada.

Four or five sites in New Brunswick were inspected. There is a feeling, which I think is justified, in certain sections of the province that the best site was not chosen. I also understand that the site chosen was not the one recommended to the department. I realize that the minister who is now doing the work of this department is new to the department, but if he will go back in the records I think he will find that the present site was the second choice, not the first.

I do not want to condemn this site even though it was the second choice. It is in the county of Albert and the park takes in part of the bay of Fundy and some fine hills and lakes. The site which was the first choice was on the Saint John river. I should like to say to hon. members who have not visited that river that we consider that historically and geographically it is one of the finest rivers, not only in Canada but in the world. I am not so sure about the hon. member for Peel (Mr. Graydon), but I do know that the hon. member for Yukon (Mr. Black), who has lived on the Saint John, will bear out that statement. It has been called the Rhine of America.

Since we have no park on the Saint John river and since the precedent has been well established of having two or three parks in a province, I think the department should consider establishing a park on the Saint John river. As I say, I have no objection to the park that has been established in Albert county, but I think we should have a park on the Saint John river.

On motion of Mr. Brooks the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. MacKINNON: The business for tomorrow will be the estimates of external affairs.

At six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, April 29, 1948

The house met at three o'clock.

HONG KONG

REFERENCE TO STATEMENT OF MR. DREW AS REPORTED IN OTTAWA "CITIZEN"

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on a question of privilege touching a matter in which the veracity of Sir Lyman Poore Duff, the former Chief Justice of Canada, and myself as Prime Minister of Canada, was called into question, I wish to draw the attention of the house to certain statements to which I am now in a position to give an answer which I hope will be accepted by the house without question.

The statements to which I take exception are the following, which refer to certain messages furnished by the government of the United Kingdom to the chief justice, as commissioner in the Hong Kong inquiry. Mr. George Drew is quoted in the Ottawa *Evening Citizen* of March 1, 1948, as follows:

> Having regard to the messages which were placed before him, the finding of the commissioner is utterly incomprehensible . . . The impression is conveyed that the British government did not communicate any warning to the government of Canada. That is not so . . .

On March 2, 1948, as reported in *Hansard* at page 1771, on a question of privilege I spoke as follows:

> In my opinion, such information as the Canadian government received, at the time, from the British authorities is in complete accord with the finding of the commissioner, Chief Justice Duff, in his report, namely, that "the best informed opinion available to the Canadian authorities was that hostilities would not arise in the near future."

In the *Globe and Mail* of March 3, 1948, Mr. George Drew is reported as follows:

> Mr. King is simply piling falsehood on falsehood. The dispatches to which he refers left no doubt of the threat of war . . . That was the interpretation placed upon them by Major Power . . .

The house already has Major Power's statement, in which he said in this house that he did not state he believed war was imminent, that in fact he said in answer to a direct question that he thought war with Japan was not imminent.

However, as hon. members know, it was suggested that the British government should be appealed to direct, and asked the question if, since they were unwilling to have the dispatches made public, they would not give a definite indication as to the accuracy or the reverse of statements concerning their contents.

I rather hesitated to make any request of the British government in the matter. I felt that my word as Prime Minister of Canada would be accepted by this house and by the people of Canada. However, since there was always a possibility that the matter would be raised in the future and that there might be a doubt, I did eventually communicate with the Prime Minister of Great Britain in regard to the dispatches, and I have since received a reply from Mr. Attlee.

These communications were exchanged some little time ago; I did not bring them to the attention of the house at the time for the reason that the house had referred to the committee on printing the question of the advisability of printing the evidence in the Hong Kong inquiry. I felt that if I made public the communications before the committee had had its meeting, it might be considered that I was seeking to influence in some way the action which the committee should take. The committee's report was made to the house yesterday and I am now taking this immediate opportunity to place on *Hansard* the communications which passed between the Prime Minister of the United Kingdom and myself.

The following is the text of the telegram sent *en clair* by myself as the Prime Minister of Canada to the Prime Minister of the United Kingdom on April 13, 1948:

> As you are aware there has been considerable discussion recently in the Canadian parliament on the question of publication of five telegrams exchanged between the United Kingdom and Canadian governments in 1941 with regard to the far eastern situation at or about the time of the dispatch of Canadian troops to Hong Kong which telegrams the United Kingdom authorities are unwilling to have published. On the 2nd March of the present year I referred in the House of Commons to a press report in which it was in effect alleged that one of these telegrams received after the government of Japan changed on the 16th October, 1941, and before the expedition sailed on the 27th October was in the nature of the most complete warning of the probability of early hostilities. I said that not only was such a statement not correct,

but that the fact was that before and after the expedition sailed, and indeed until the very eve of the Japanese attack, such information as I received from the British authorities was to the effect that an early attack on Hong Kong was not anticipated.

As the accuracy of my statement has been challenged, I should be grateful for your opinion, which I might be free to communicate to our parliament, whether the information contained in any of the telegrams, which the United Kingdom authorities communicated to the Canadian commissioner in the Hong Kong inquiry, on the condition that they would not be made public, is in any way at variance with my statement, and, in particular, my denial of the statement that after the government of Japan changed on the 16th October, 1941, and before the expedition sailed for Hong Kong on the 27th October, I received messages from the United Kingdom in the nature of a complete warning of the probability of early hostilities. What is obviously meant by early hostilities is hostile action by Japan directed against the United Kingdom, or, for that matter, against the United States.

The following is the text of the telegram from the Prime Minister of the United Kingdom to myself as Prime Minister of Canada. It is dated London, April 19, 1948:

I have carefully examined the telegrams with regard to the international situation in the far east which were shown to the commissioner in the Hong Kong inquiry. I understand that the question which has been raised in Canada is whether these telegrams or any one of them gave warning that early hostile action by Japan against the United Kingdom or the United States was expected after the change of government in Japan on the 16th October, 1941, and before the Canadian expedition sailed for Hong Kong on the 27th October, 1941. As the Canadian government have been informed, and as has been stated in parliament here, the United Kingdom government regret that for reasons which have been made clear they feel unable to agree to the publication of these telegrams. I can, however, confirm that any such suggestion as has been mentioned is entirely contrary to the facts, and that none of the telegrams contained any warning that action by Japan of the kind was expected.

Mr. GRAYDON: May I ask the Prime Minister, Mr. Speaker, a question on the point of privilege he has raised? Does this mean that the government of Great Britain and the government of Canada have agreed that these telegrams will now be made available to the public?

Mr. MACKENZIE KING: The telegrams mean exactly what they say, nothing more and nothing less.

On the orders of the day:

Mr. GORDON GRAYDON (Peel): May I ask the Prime Minister if he has any additional copies of the communication from Mr. Attlee, and his own communication, which he has read to the house?

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: Both will appear in *Hansard*. I have, however, my own copies here which I can send to my hon. friend.

Mr. GRAYDON: The reason I ask for these copies is that from time to time the house has been allowed to have little rays of light on this whole matter, and I fancy this only confuses the issue more than ever.

Mr. MACKENZIE KING: I am sure my hon. friend will now have the full light of day.

[*Later*:]

Mr. GRAYDON: May I suggest to the Prime Minister that a careful reading of this letter more than ever demands, as far as the public of Canada and this parliament are concerned, that these telegrams be published.

Some hon. MEMBERS: Oh, oh!

Mr. GRAYDON: This only confuses the issue. It is not an answer at all.

HOUSE OF COMMONS

REPORT ON SALARY INCREASES AND ESTABLISHMENT

Mr. SPEAKER: I have the honour to lay on the table of the house the report on salary increases and establishment of the House of Commons.

[*Later*:]

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): There is a point of information I feel the house would like to have. I shall not break the rule by asking Your Honour a question, but perhaps with your permission I may direct my question to the Minister of Finance. Is the document that Mr. Speaker laid on the table today in connection with the House of Commons employees in the nature of a final act, or does it involve legislation being put through the house?

Hon. DOUGLAS ABBOTT (Minister of Finance): I am sorry, but I am afraid I do not know.

Mr. KNOWLES: Is the minister not a member of the internal economy commission?

Mr. ABBOTT: Yes.

Mr. COLDWELL: Mr. Speaker, may I ask a supplementary question of the Minister of Finance, who is a member of the internal economy commission? I did not quite see the need for the point raised by the hon. member for Winnipeg North Centre (Mr. Knowles). Perhaps the minister would give further consideration to the matter, because it

seems to me this is one which concerns the House of Commons itself, and it could not be in the nature of a final act.

Mr. ABBOTT: Perhaps it is a question which Mr. Speaker could answer. My understanding is that the internal economy commission, of which I am a member and of which Mr. Speaker is chairman, deals with matters affecting the House of Commons and determines the establishment setting out the positions to be filled. The appointments made to those positions, whether permanent or temporary, come under the civil service commission.

I am not quite clear as to the nature of the document laid on the table, but I believe it has to be implemented by resolution of the house. However, I am not an expert in procedure, and perhaps Mr. Speaker could enlighten the house in the matter.

Mr. PEARKES: Mr. Speaker, may I ask a supplementary question? Will the veterans preference apply in those appointments?

Mr. ABBOTT: I am informed the same rules apply in connection with the House of Commons as apply in other branches of the civil service.

BUSINESS OF THE HOUSE

SUSPENSION OF STANDING ORDER 28 FOR THIS SITTING TO ALLOW DEBATE ON EXTERNAL AFFAIRS

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think it is understood, Mr. Speaker, that this afternoon the house will proceed with the debate on external affairs. In other years, as I recall it, the debate opened with His Honour the Speaker in the chair in order to permit of a more orderly presentation at the earliest stage. Today being Thursday, the position is, of course, that under the rules His Honour the Speaker leaves the chair without the question being put. If the house desires that the debate this year proceed along the same line as in former years, it would be necessary to have a motion that would direct that His Honour the Speaker should not leave the chair, notwithstanding the rule which governs.

Let me make it quite clear to hon. members that as no announcement has been made to the effect that the Speaker would be in the chair, or that the house might so wish, if there is any feeling to the contrary the debate can proceed at once with the house in committee. I believe, however, we should make better headway in the end, and have a more effective presentation of all sides of external affairs problems, were the debate to be opened in the manner I have described. If later hon. members wish to have the house go into committee to take up questions individually, this might be so arranged. I understand the intention is that once the debate is over and the committee discussion begins, the estimates will be referred to the committee on external affairs for further consideration before they come back to the house. Before putting any motion, however, I should like to hear what hon. members have to say.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, there is a good deal to commend the Prime Minister's suggestion of having a full dress debate on external affairs with the Speaker in the chair. I believe that is what was asked for and what the house expected. What the Prime Minister has said makes it much easier for us to agree to his suggestion. He said that if at the end of the discussion hon. members desire to ask questions, they will have an opportunity which would not be available in a full dress debate and which will be available if we then go to the committee stage. On that understanding I think we ought to accept the suggestion which has been made.

Mr. M. J. COLDWELL (Rosetown-Biggar): I agree, Mr. Speaker, that it will make for more orderly debate if hon. members may speak without interruption, the usual rules prevailing. As the acting leader of the opposition (Mr. Graydon) said, I believe it would meet the situation if, at the conclusion of the speeches, should questions need to be asked of the Secretary of State for External Affairs (Mr. St. Laurent), they may be asked then. I think that is the best way in which to conduct the debate.

Mr. SOLON E. LOW (Peace River): I also believe, Mr. Speaker, that we can have a much more dignified full dress debate if the Speaker remains in the chair, and questions can be asked in committee of the whole.

Mr. MACKENZIE KING moved:

That the provision of standing order 28 relative to Mr. Speaker leaving the chair without question put be suspended for the present sitting of the house in order to allow debate on external affairs.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 215, for the relief of Ella Margaret McLaughlin Baisley.—Mr. Maybank.

Bill No. 216, for the relief of Mavis Aurelia Leney Ogilvie Walker.—Mr. Maybank.

Bill No. 217, for the relief of Joanna Wright Farrell.—Mr. Maybank.

Bill No. 218, for the relief of Margaret Patricia Jones Gavey.—Mr. Maybank.

Bill No. 219, for the relief of Selma Rattner Fridhandler.—Mr. Maybank.

PRIVILEGE

MR. LENNARD—REFERENCE TO ANSWER TO QUESTION ON APRIL 28

Mr. F. E. LENNARD (Wentworth): I rise to a question of privilege, Mr. Speaker. Question No. 4 on yesterday's order paper, which stood in my name and was answered yesterday, was not answered correctly. The question was:

Of the twenty national housing conversions effected in the Hamilton, Ontario, district, what items were salvaged in each conversion and what were the estimated values of same?

The answer started out with the statement that "when the administration of the twenty conversion projects was turned over to the Central Mortgage and Housing Corporation on January 1, 1946, the following items of salvage were in storage for disposal." My question asked for a list of items that were salvaged and the value of same from each conversion, not as of January 1, 1946.

I also wish to point out that only eleven of the twenty projects were listed. I know this is not complete, because I have a letter from Mr. Murchison, general supervisor, real estate division, dated March 16, 1948, giving me the value of salvage on a project not listed in the answer of yesterday. I would ask that my question be returned to the order paper until it is completed.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

SECURITIES INVESTMENT FUND—PURCHASE OF DOMINION BONDS

Mr. MACDONNELL (Muskoka-Ontario):

1. In sessional paper No. 29 D dated March 23, 1948, in answer to a question asked by myself, the Department of Finance indicated that the securities investment fund from August, 1947, to January, 1948, inclusive, had purchased a net amount of approximately $300,000,000 of Dominion of Canada bonds; under what authority is this fund set up?
2. How much does it amount to?
3. How is it invested?
4. Were the bond purchases made by the various government departments set out in this return made independently of each other, or were they made in conjunction with, or under the supervision of, the Department of Finance?

Mr. BELZILE:

1. The securities investment account was set up and is maintained under the authority of the Department of Finance and Treasury Board Act and the Consolidated Revenue and Audit Act, 1931.

2 and 3. $650,779,500 par value of securities of Canada.

4. The purchases of securities by the various government departments were made independently of the Department of Finance. However, the Unemployment Insurance Act and the Canadian Wheat Board Act provide for the creation of investment committees. A representative of the Department of Finance is a member of these two investment committees.

COMBINES INVESTIGATIONS—DENTAL COMPANIES—COUNSEL

Mr. DIEFENBAKER:

1. What is the estimated total cost incurred by the combines investigation department and the Department of Justice in connection with the investigation of the various dental companies against whom prosecutions have recently terminated, giving a break down and particulars thereof?
2. Who were the legal counsel at the trial?
3. How much was paid or agreed to be paid to each of said counsel per diem as fees and living or other expenses?

Mr. ILSLEY:

1. The total cost of the investigation was $8,252.92, with details as follows:

Legal fees and expenses	$3,516 01
Reporting services and expenses	1,805 00
Travelling expenses	1,126 55
Printing of report	1,654 34
Miscellaneous	151 02

2. D. L. McCarthy, K.C., Toronto; Peter Wright, Toronto; Donald Keith, Toronto.

3. D. L. McCarthy, K. C.—$250 per day when in court and $10 an hour for preparatory work.

Peter Wright—$100 a day when in court and $10 an hour for preparatory work.

Donald Keith—$50 per day in court and $5 per hour for preparatory work.

INCOME TAX—FARMERS

Mr. FAIR:

1. What amount of income tax has been collected in each province each year since January 1, 1939?
2. What amount was paid each year by farmers in the various provinces, and how many farmers contributed each year in each province?

Mr. WINTERS:

1. See statement forming part of this answer.

2. No information, as the taxation division does not maintain records of tax collections by occupational classifications.

INCOME TAX—NET COLLECTIONS

FISCAL YEARS ENDING MARCH 31

Individual Income Tax Collections

—	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	$	$	$	$	$	$	$	$	$	$
Prince Edward Island	42,161	120,871	226,813	483,893	591,347	1,157,775	1,353,927	1,286,163	1,375,989	1,236,995
Nova Scotia	936,217	950,393	2,567,981	8,884,184	16,310,837	26,797,390	25,541,461	21,522,541	19,785,823	15,492,763
New Brunswick	635,335	720,050	1,796,748	5,834,096	8,816,323	13,366,548	13,947,842	13,381,600	13,640,645	11,853,532
Quebec	15,016,223	15,794,002	31,563,772	79,187,566	149,319,074	210,354,179	190,834,732	174,224,778	175,830,052	171,773,056
Ontario	24,453,724	21,775,246	50,338,737	146,906,862	261,167,282	380,379,713	364,791,086	316,744,114	314,936,990	302,406,377
Manitoba	1,433,112	1,447,457	4,070,899	13,002,356	22,061,338	34,840,084	36,867,765	36,599,998	36,565,759	33,095,159
Saskatchewan	290,125	340,192	1,280,623	4,425,455	8,177,793	14,525,921	17,703,639	22,487,369	23,435,170	22,893,141
Alberta	868,566	993,101	3,146,406	9,886,505	16,357,848	32,143,747	32,018,333	31,861,739	35,124,816	30,858,199
British Columbia	2,883,952	2,833,623	8,228,571	26,979,023	50,646,780	95,109,123	80,002,011	70,787,546	70,605,889	66,517,175
Yukon	27,618	32,509	85,742	281,792	466,421	891,392	809,903	581,050	668,039	714,356
Head Office	4,416	1,414	1,957	2,553	16	4,890	25,623	29,865	20,058	32,650
Totals	46,591,449	45,008,858	103,308,249	295,874,285	533,915,059	809,570,762	763,896,322	689,506,763	691,989,230	656,873,403

Corporation Income Tax Collections

	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
	$	$	$	$	$	$	$	$	$	$
Prince Edward Island	290,481	211,308	314,772	263,733	815,994	549,933	630,623	714,670	681,755	686,984
Nova Scotia	1,352,311	1,097,559	1,926,852	2,655,727	5,263,936	3,944,078	3,810,146	4,504,076	4,433,202	7,711,449
New Brunswick	928,365	573,546	1,278,987	2,308,780	3,271,427	3,930,395	3,806,036	3,151,310	3,306,712	6,414,309
Quebec	21,559,118	19,836,604	36,565,972	69,046,153	131,067,863	127,786,553	107,639,412	72,989,429	52,621,486	107,480,594
Ontario	49,400,775	45,689,419	74,248,489	90,846,409	167,189,766	138,565,206	124,137,103	99,021,902	93,462,446	150,466,340
Manitoba	2,479,429	2,127,024	3,298,488	5,379,018	9,835,211	10,159,911	11,261,897	11,235,517	11,661,440	16,300,637
Saskatchewan	206,609	213,173	458,602	640,489	1,161,615	1,325,798	1,792,769	1,563,345	2,207,142	4,665,839
Alberta	1,347,707	1,875,969	2,685,735	2,934,560	6,127,392	6,651,768	7,252,753	5,469,692	5,578,262	9,127,855
British Columbia	7,598,608	6,227,923	10,691,465	11,729,942	23,185,431	18,149,497	15,933,254	19,158,666	22,920,812	48,621,456
Yukon	18,864	58,021	94,190	30,834	51,082	304,438	93,929	−18,437*	−31,478*	18,403
Head Office	3,620	9,456	2,158	54	6	11,137	45,927	43,370	−22,526*	41,140
Totals	85,185,887	77,920,002	131,565,710	185,835,699	347,969,723	311,378,714	276,403,849	217,833,540	196,819,253	351,535,006

* Debit amounts.

HEALTH AND WELFARE—VENEREAL DISEASE

Mr. McGARRY:

Has the Department of National Health and Welfare undertaken any special studies on the problem of venereal diseases?

Mr. MAYBANK: The division of venereal disease control is conducting a study on the effectiveness of the anti-arsenical compound BAL (British anti-Lewisite). This is used in the treatment of toxic reactions resulting from arsenical compounds administered in the treatment of syphilis.

As the provincial venereal disease control clinics have no facilities for testing the toxicity, physical and chemical properties of arsphenamines and related products, the food and drug division of the Department of National Health and Welfare undertook the testing of stocks of these products on hand in the V.D. control clinics throughout Canada. The purpose was to ascertain the stability of these products under varying conditions of storage and to check the effectiveness of the regulations under which the department controls the release of these products in Canada.

The laboratory of hygiene of the Department of National Health and Welfare is participating in a co-operative effort with the provincial public health laboratories to ensure a uniform service in the diagnosis of syphilis, with a view to facilitating the control of the disease. Reagents used in the blood test for syphilis are prepared and standardized at the laboratory of hygiene for distribution to the provinces. Collaborative studies to evaluate the accuracy of the blood tests, as carried out in each laboratory, are conducted from time to time. New and improved methods of diagnosis are being investigated. The directors of all provincial public health laboratories have by unanimous resolution accepted the laboratory of hygiene as the national referee laboratory for this work.

FREIGHT RATES INCREASES—GRAIN SHIPPED TO INTERIOR ELEVATORS FOR CLEANING, ETC.

Mr. WRIGHT:

1. Will grain shipped to interior elevators in western Canada for cleaning, drying or storing be subject to any part of the recent 21 per cent increase in freight rates?

2. If so, give details as to how rates will be applied.

Mr. CHEVRIER:

1. No.

2. See answer to No. 1.

[Mr. Winters.]

BANK OF CANADA—PURCHASE OF DOMINION BONDS

Mr. McMASTER:

1. What was the total loss sustained by the Bank of Canada in the recent reduction of the price at which the bank purchased from individual holders the issued bonds of the Dominion of Canada?

2. Can the total loss be allocated in (a) the reduction from 4½ per cent premium to 2½ per cent premium; (b) the reduction from 2½ per cent premium to par?

3. What was the total amount of bonds held by them (a) when the price was reduced from 4½ per cent premium to 2½ per cent premium; (b) when the price was reduced from 2½ per cent premium to par?

Mr. BELZILE:

1, 2 and 3. These questions relate to the internal business of the Bank of Canada and the information is not of government record. However it may be pointed out that changes in market quotations for securities do not necessarily mean that profits or losses are experienced by the holders of such securities. Whether profits or losses are realized depends on whether a security has been bought at one price and actually sold at a different price.

FREIGHT RATES INCREASES—BARLEY FOR MALTING PURPOSES

Mr. WRIGHT:

Will the 21 per cent increase in freight rates apply to barley shipped for malting purposes to malting companies at interior points?

Mr. CHEVRIER: No.

FREIGHT RATES INCREASES—OATS, FLAX, ETC., SHIPPED TO PROCESSING PLANTS

Mr. WRIGHT:

Will the 21 per cent increase in freight rates apply to oats, flax, rapeseed shipped direct to processing plants?

Mr. CHEVRIER: No as to oats and flax; yes as to rapeseed.

PENSION COMMISSION—VETERANS AFFAIRS INVESTIGATORS

Mr. ARCHIBALD:

1. Who are the members of the Canadian pension commission?

2. With reference to each member, what is (a) his age; (b) date of appointment; (c) military service; (d) occupation preceding appointment; (e) salary?

3. How many investigators are employed by the Department of Veterans Affairs?

4. Of these (a) how many are dual service veterans; (b) how many served in Canada only?

Mr. GREGG:

1 and 2. See statement forming part of this answer.

3. 100 male, 21 female; total, 121.

4. (a) 13; (b) 7.

1. Name	(a) Age	(b) Date of first appointment	(c) War service	(d) Occupation preceding appointment	(e) Annual salary
					$
Chairman—J. L. Melville, C.B.E., M.C., E.D.	59	1.11.43	28. 2.16 — 7.10.19 14. 4.40 — 31.10.43	Army—Overseas	10,000
Deputy Chairman—H. A. L. Conn, M.C., B.A.	59	1.10.33	9. 1.15 — 10. 5.19	Barrister-at-Law	8,000
Members—C. B. Reilly, K.C.	67	1. 7.36	29.12.15 — 18. 6.17	Barrister-at-Law	7,000
O. F. B. Langelier, M.C.	52	1. 9.37	9. 6.15 — 22. 5.19	Civil Servant	7,000
Harry Bray	54	1. 9.39	19. 3.17 — 3. 2.19	Civil Servant	7,000
F. F. Chute, B.A., M.D., C.M.	54	1.10.40	9.11.15 — 23.11.18	Practising physician	7,000
J. K. Matheson, M.C.	58	1. 7.41	3. 9.15 — 16. 7.19	General Manager, Exhibition Association.	7,000
H. M. Barnes, B.A., M.D., C.M.	58	1. 9.41	29. 3.15 — 22. 4.16 7. 3.17 — 4.10.17	Civil Servant	7,000
H. A. Bridges, M.A., (Oxon), B.C.L.	53	1. 9.41	25. 5.16 — 11. 6.19	Civil Servant	7,000
R. J. Gordon, M.D., D.P.H., F.A.C.P.	65	1. 9.44	8.11.15 — 1. 8.18	Civil Servant	7,000
R. E. Wodehouse, O.B.E., M.D., D.P.H.	64	ad hoc 14.10.44	4. 8.14 — 20. 8.19	Civil Servant	7,000
N. L. Pickersgill, V.D.	46	1. 2.45	4. 1.17 — 1. 4.19 2. 9.39 — 18. 3.46	Navy—Overseas	7,000
J. M. Forman, D.F.C., Croix de Guerre	35	ad hoc 1. 2.45	2. 7.40 — 26. 3.45	R.C.A.F.—Overseas	7,000
C. M. Keillor, M.D.	56	ad hoc 12.12.45	28. 1.15 — 26. 5.15 (CEF) Royal Army Medical Corps, 2 years, 5 months. 10.12.17 — 15. 2.19 (CEF) 15. 6.40 — 31.12.41	Civil Servant	7,000
G. E. Leprohon	54	1.12.47	1. 9.15 — 17. 3.19 14. 8.40 — 12. 9.44	Civil Servant	7,000

NOTE:—Each Commissioner had service in a theatre of actual war.

COMMONWEALTH PRIME MINISTERS

INQUIRY AS TO SUGGESTED CONFERENCE

On the orders of the day:

Mr. GORDON GRAYDON (Peel): Can the Prime Minister give the house some indication of what progress is being made in the discussion, formal or otherwise, relating to what the newspapers speak of as an impending conference of prime ministers of the British commonwealth?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I can say to my hon. friend that there have been no communications of an official character that I know of in regard to the matter. I think a careful reading of the dispatch to which my hon. friend refers will indicate that Prime Minister Attlee himself was not saying there was to be a conference but rather indicated that nothing thus far had been said about one.

Mr. GRAYDON: My reading of that communication was that there had been some informal discussions with respect to it, but I am glad to have the answer of my right hon. friend.

EUROPEAN RECOVERY PROGRAM

INQUIRY AS TO RECENT VISIT OF MR. HOWE TO WASHINGTON

On the orders of the day:

Mr. GORDON GRAYDON (Peel): I should like to ask the Minister of Trade and Commerce when he or the government expect to be able to make some announcement with respect to the mission upon which he went to Washington last week end, in connection with the European recovery program.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): One of the purposes of my trip to Washington was to make contact with those responsible for the administration of the European recovery program, and to establish Canada's interest in that program. I succeeded in meeting practically all those associated with the administration of the program; the program was discussed, and I feel certain that Canada's position is thoroughly understood.

FLOOD CONDITIONS

SOUTHERN MANITOBA—SUGGESTED INVESTIGATION BY INTERNATIONAL JOINT COMMISSION

On the orders of the day:

Mr. RENE N. JUTRAS (Provencher): My question is directed to the Secretary of State for External Affairs. Is the minister aware that the disastrous flood in Manitoba particularly in the southern portion, has been caused to a very large degree by foreign waters flowing north into the province, and that this disaster is a recurrent affair? Will the minister ascertain and tell the house whether the terms of reference which were issued to the international joint commission in January of this year, to investigate and report on the drainage basin of the Red river, are broad enough to allow the commission to make a complete recommendation with a view to preventing the recurrence of such floods?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I shall be glad to have the matters referred to in the hon. member's question investigated, and to report to the house after having done so.

FOREIGN EXCHANGE CONTROL

SEIZURE OF FUNDS AT BORDER

On the orders of the day:

Mr. T. A. KIDD (Kingston City): I wish to direct a question to the Minister of Finance. It has to do with a question I submitted on January 30 last and again on March 10, which was passed as an order for return, as appears on page 1102 of *Hansard*. It relates to foreign exchange control and the seizure of funds at the border. Three months have elapsed since this question was first submitted. Can the minister advise me when it will be answered?

Hon. DOUGLAS ABBOTT (Minister of Finance): I am afraid I cannot, Mr. Speaker. I am familiar in a general way with the question, which involves a tremendous amount of work including the preparation of thousands of names. I am not in a position to say at the moment just what is the status of that question, but I will look into it and have a word with my hon. friend and let him know how it stands. Possibly we can arrange to eliminate some of the details in which he is not interested.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Mr. J. M. MACDONNELL (Muskoka-Ontario): Can the Minister of Finance give us any indication or suggestion as to when the budget may be brought down?

Hon. DOUGLAS ABBOTT (Minister of Finance): I am afraid I cannot as yet. I have a tentative date in my own mind, but I am not in a position to announce it yet because

I am not sure whether I shall be able to bring it down then. I will make the announcement as soon as it is possible to do so.

Mr. MACDONNELL (Muskoka-Ontario): Could the minister tell us whether it will be before or after he goes to speak in Ontario county?

Mr. ABBOTT: I have no arrangements to speak in Ontario county as yet, so I cannot answer my hon. friend's question.

Mr. MACDONNELL (Muskoka-Ontario): Then there is very bad liaison in my hon. friend's party, because I understand he is already advertised to speak.

PUBLIC BUILDINGS

FLIN FLON, NORTH VANCOUVER, VANDERHOOF, QUESNEL—INQUIRY AS TO CONSTRUCTION

On the orders of the day:

Mr. RONALD MOORE (Churchill): I should like to direct a question to the Minister of Public Works arising out of a telegram received today from the mayor of Flin Flon. In view of the inadequacy of the post office facilities at that point, can the minister say when construction of the new federal building will be commenced?

Hon. ALPHONSE FOURNIER (Minister of Public Works): On Tuesday the hon. member for Churchill asked the Postmaster General (Mr. Bertrand) whether we had purchased a site for that building, and the answer was in the negative. There is no vote in the estimates this year for that post office; therefore any date I might give for the beginning of the work would be simply guesswork. This project is considered along with many others all over the country, where the need is as great as at Flin Flon.

Mr. SINCLAIR: If I may ask a supplementary question, when does the minister intend to construct the public building in North Vancouver for which there has been an item in the estimates for the last three years?

Mr. FOURNIER (Hull): This question is not as difficult as the last one. In this case we had very good intentions, but I was informed that lack of material and manpower in that district hindered the progress of our work. As soon as that situation improves we will undertake it.

Mr. IRVINE: May I ask the Minister of Public Works whether his intentions are still as good in respect to a public building at Vanderhoof and one at Quesnel?

OATS AND BARLEY

STATEMENT WITH REGARD TO EXPORT REGULATIONS

On the orders of the day:

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Mr. Speaker, at the last sitting of the house the hon. member for Assiniboia (Mr. McCullough) asked whether, owing to a lack of definite information with regard to the export regulations applicable to oats and barley, I would make a statement to the house outlining the regulations governing the export of these two commodities.

My reply is that during the current crop year the export of whole oats and barley other than registered and certified seed was prohibited owing to the need of retaining sufficient supplies of feed in Canada.

It was considered advisable to ease the restrictions on the export of these cereals. Accordingly on April 1, 1948, the Canadian wheat board advised the trade that the export of limited quantities of oats and barley to any destination had been authorized and that applications for export permits would be considered as submitted.

When obtaining a permit it is necessary for the applicant to pay the equalization fee in effect when application is made and approved. Exporters must adhere to certain regulations as advised by the board from time to time, such as international emergency food committee allocations and foreign exchange control board regulations.

NATIONAL DEFENCE

CANADIAN PARTICIPATION IN NORTHERN DEFENCE ESTABLISHMENT

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, I should like to ask a question of the Minister of National Defence. A statement appears in the press this morning to the effect that $100 million is being spent by the United States for the improvement of northern defences. Of this amount, $611,570 is being spent for the enlargement of quarters and facilities at Frobisher Bay, Saskatchewan, and Fort Chimo, Quebec. Under what authority is this work being carried out? Has the Department of National Defence any supervision over the work?

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, the hon. member asked his question in a low voice and I found it difficult to hear him. I believe however that I can answer in a general way.

Under the declaration of the Prime Minister in the house on February 12, 1947, and an

identical declaration made in the United States on the same day, arrangements for defence co-operation between the United States and Canada which had been in force during the war were continued.

Under those arrangements it is expressly stated that any activities in either country will be completely under the control of the country in which it is done, and will be done only after an express arrangement is made with regard to that work. If any work is being done in Canada, it is in accordance with that arrangement.

Mr. FRASER: The minister's department has no jurisdiction over it at all?

Mr. CLAXTON: On the contrary, it would be done only after arrangements had been completely worked out between representatives of Canada and the United States.

SUPPLY

EXTERNAL AFFAIRS

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee of supply.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, I am glad indeed to have, after several unexpected but inevitable delays, this opportunity to give the house a short review of world affairs as we see them in my department. This review will, of course, be neither exhaustive nor final. Naturally enough, in one statement it is not possible to refer to all the important questions that face us. If some of these questions must be omitted from this review, it is not because I do not appreciate their importance. There will, I hope, be other occasions during the session when these omissions can be repaired.

It is now, I believe, an accepted fact that practically everything of importance that happens in the international sphere is of interest to Canada—often of direct and immediate interest. For us there is no escape, even if we wish to seek one, in isolation or indifference. Recent events have brought home to all of us the increasing threat to our democratic national existence of the rising tide of totalitarian communism. We know that Canada's boundaries against such a threat extend far beyond her physical frontiers. We know also that a line is being drawn which runs through the hearts of free men everywhere, and that on our side of that line are all those in every country who work and fight to preserve the freedom and dignity of the individual against reactionary dictatorship, whether communist or fascist. We know that there can be no neutrality in this conflict, which is as spiritual as it is political.

In the realm of economic and social welfare as well, it is clear as it never was before that we cannot live unto ourselves alone. Opinions may differ—I suppose they do differ—as to whether the economic and trade policies of this government are wise; but there will, I am sure, be no quarrel with the statement that they are now decisively influenced by events far beyond our borders.

Canadian representatives recently discussing the future of Indonesia at Lake Success, the future of international trade at Havana, or the future of a free press at Geneva, all bear witness to the fact that this country is now inevitably and inextricably involved in the full current of international events. The day has long since passed when we did not have to bother about the policies of other countries far away. When the activities of those other countries determine the prosperity, indeed the very existence of our own country, it is merely elementary prudence and common sense to concern ourselves with them.

The Canadian Department of External Affairs, both at home and abroad, exists for that very purpose. It represents a necessary and, I think, useful development, in the progress of this country from colonial status to national maturity. Its expansion—and it has not been allowed to grow carelessly and extravagantly reflects the magnitude and complexity of the relations between nations in this interdependent age and the increasing importance of these relations for Canada. In her participation in international affairs Canada will, I hope, act with resolution, with responsibility, and also with restraint. We should not evade our international duties; but in discharging them we should not be influenced unduly by national pride and prejudice. I hope that in our foreign relations we can reconcile our first duty to our own people with our ultimate obligations to the international community. In a frightened and suspicious world this is not always easy.

The most cursory survey of international events during the recent months gives one cause for concern, perhaps apprehension. This concern extends even to the very continuance of peace itself, and this less than three years after one atom bomb destroyed 70,000 human beings.

It is possible to recognize this fear and its causes as political realities without giving way to gloomy forebodings about the inevitability of an early war. Ostrich-like optimism and panicky pessimism are equally to be avoided.

Both would be a danger to our security. The fact remains, however, that the trend has unfortunately been away from peaceful co-operation and towards the division of one friendly world into two competing worlds.

The picture is much the same all over the world, much the same in Europe and in Asia. Let us look first at the European side. It seems to me that the most dramatic illustration of division and political deterioration in Europe has been the complete failure of the great powers to agree on even the basic problems of a German peace settlement. This failure has poisoned the political atmosphere and it certainly has hindered all movement toward the restoration and recovery of Europe's shattered economy. This failure itself is merely the result of the tragic inability of the western democracies and the eastern totalitarian states, led by the U.S.S.R., to establish any basis for co-operation or even any basis for mutual toleration.

We had hoped for mutual toleration founded on a genuine desire to live and let live. It seems now that we shall have to be content with toleration based on what I hope will be a healthy respect for the determination of each of us to prevent encroachment and resist domination by the other. But whatever may be its basis, without mutual toleration no satisfactory progress can be made in the political or economic rehabilitation of Europe or of the far east, or even in the development of the united nations into an agency which can maintain peace, guarantee security, and effectively promote human welfare.

Most of the troubles and fears of our day spring from this lack of trust, this absence of mutual toleration. The main although perhaps not the sole responsibility for this rests upon the aggressive and imperialistic policies of communism and on outside sponsorship and support of subversive communist fifth columns in many countries, more particularly in the countries of Europe. Even with close and friendly co-operation between the great powers the recovery of western Europe from the war would have been difficult. We must recognize that before 1939 western Europe depended for its efficiency on a very high degree of economic specialization. Long years of war and of enemy occupation have thrown this delicate mechanism almost entirely out of gear. Physical devastation, the depletion of economic resources, prolonged interruption of international trade, the loss of earnings from foreign investments, the loss of earnings from merchant fleets, are some of the factors which have contributed to the present precarious economic conditions in Europe.

To the destruction and dislocations of war—and we are beginning at last to realize how much greater these were than anybody imagined when the guns stopped firing—have been added difficulties of nature. We all know from what we have read that the winter of 1946-47 in Europe and in some parts of Asia was the worst for generations and would have set back the healing work of recovery even if there had not been these forces of division and disorder to which I have referred.

There is in all this a chain of vicious consequences, and these vicious consequences are exploited by Soviet-inspired communist parties for purposes which have unfortunately become all too familiar. Distress, starvation, even despair are stirred by the communists into political disorder and ideological strife. Every kind of inciting appeal is made, and the highest as well as the lowest motives are fully exploited for the purpose of retarding recovery and preventing progress. Starvation thus becomes a weapon of political warfare and misery, a political platform.

It is not enough, however, to blame the troubles of Europe—or of the rest of the world—on the destruction of war and on the subversive activity of communism. The free governments are themselves at fault if they are hesitant to take the necessary social and political measures, or to show the energy, determination and solidarity required to make democracy into an efficient instrument for recovery and a dynamic political gospel. The ranks of democratic peoples must not be divided. Their energies must not be dissipated in domestic political conflict. The attractions of political manœuvring become dangerous if they override the virtues of self-discipline and self-sacrifice in the face of national danger. Democratic leaders in all countries must realize that democracy does not mean merely the preservation of the status quo. Too often, the lead in energy, determination and zeal has been given by peoples who live and work in undemocratic regimes. To save democracy in Europe—or indeed anywhere else—we must demonstrate by deeds and not merely by words that democracy is a more dynamic and humanitarian creed than communism. No regime in Europe or anywhere else has the right to assistance merely because it proclaims itself the only barrier against communism. It must do much more than that. It must show that it can act promptly and resolutely to disperse by productive measures the accumulated forces of social discontent which communism so cunningly exploits wherever they exist. It is well for us to remember

these things as we view, with justified anxiety, the dark surge from behind the iron curtain.

Taking full advantage of economic misery, of political instability, and in certain cases, of the weak and divided political leadership of its opponents, communism in Europe has extended its authority under Soviet control and direction, over Roumania, Bulgaria, Hungary, Poland, Yugoslavia, Albania, and now, Czechoslovakia. Freedom, as we know it, but as most of these peoples have never known it, is now a more remote hope in those countries than it has ever been.

In the whole of southeastern Europe and the Balkans, only Greece and Turkey remain free from communist domination. In Greece, subversive revolutionary forces at home, aided by help from neighbouring communist states, have been held in check. At the moment, Greece is a key point in the struggle against aggressive Soviet-inspired communism, and is recognized as such by the British and United States governments. Turkey is another important sector of this front, and assistance is being given to her also in an effort to put her in a position to defend herself from threats and attacks from outside.

The tragedy of the countries of eastern Europe which have become victims of the dictatorship of the communist minority is that they have lost the great chance that victory gave them to establish free governments based on the popular will. They have sunk back into a different, but deeper, despotism than they have ever known before. They will soon learn that, if they do not know it already.

Czechoslovakia, however, is one country which had earned and deserved a better fate. The sordid details of the process by which the Czechoslovak people were despoiled in a few days of their hard won liberty and exemplary parliament democracy are too well known, too vivid in all our minds, to need recapitulation.

The pattern was already familiar enough. The communists, although a minority, were strong enough to obtain in a national government the ministries which give them control of the police, propaganda and the army. They then consolidated their position by appointing communists to key posts in the police and by gaining control of the trade unions through infiltration. Then, through the radio and the controlled press they discredited and undermined the influence of their chief opponents by falsely accusing them of treasonable activities. A political crisis was next artificially brought about. The communists then demonstrated beyond all possibility of doubt that they were both ready and

willing to use force to solve that crisis by seizing power themselves. The democratic parties and their leaders were faced, so they thought, with a choice between chaos and submission. Indeed, the choice was so influenced by the ominous attitude of a close and powerful neighbour that it could hardly be called choice at all.

Communist action committees, organized well in advance, then took charge of all activities, both national and local, from government ministries and the courts to factories and football teams. All the grim mechanism of the totalitarian state was swiftly brought into play—arrests of political opponents, prostitution of justice, control of the press, and intimidation of all non-communists. Wholesale purges of civil servants, editors, teachers, managers, and all persons of influence or responsibility were carried out. With power secured by such despotic methods, the communist government then made elaborate plans for an "election," an election in which the right to vote is a privilege reserved for those who will vote right—or rather left! Such an election is scheduled for May 30 in Czechoslovakia. Its results can be foretold with accuracy, and they will deceive no one.

The fate of Czechoslovakia is indeed a frightening case history of communist totalitarianism in action. It is well worth careful study. To understand the shock produced by the complete extinction of Czech democracy in a world not altogether unaccustomed to news of this nature, it is necessary to remember the length and the strength of the Czech democratic tradition and the peculiar significance it has long held for world democracy. Nowhere has the struggle for human freedom and liberal democracy been carried on more valiantly or more persistently than in the Bohemian lands. It was as the heirs of this great liberal and humane tradition that the Czech people were able in the twenty years between the two world wars to establish and preserve liberal democratic institutions which were a model to other less fortunate states.

The nazis were well aware that in conquering Czechoslovakia they were striking a formidable blow at world democracy. The communist dictators of today are equally conscious of the importance of the Czech democratic tradition to the western world. When the Czechs were forced by outside pressure to withdraw their acceptance of the invitation to participate in the discussions of the Marshall plan in Paris last September, it was clear that Czechoslovakia was not to be permitted to act as a bridge between west and

east. It has now become apparent to what lengths communist governments will go in preventing co-operation between the free and democratic west and the totalitarian governments of eastern Europe. The Czechs had loyally lived up to their obligations as a member of the Soviet bloc. They were a threat to no one. They were steadily and sturdily rebuilding their economy on a basis of democratic socialism. Yet their liberties have been ruthlessly wiped out by a Soviet-inspired communist fifth column.

Those in each free nation who love freedom should draw the clear lesson of the tragedy of Czechoslovakia. That lesson is that it is impossible to co-operate with communists. They do not want co-operation. They want domination. Communists will pretend to co-operate with non-communists just so long as it is in their interests to do so. But once they are in a position to seize power, they will seize it and will then discard or destroy their non-communist allies. People in Canada, the United States, France, Italy and other countries have been long in learning this lesson. Let us hope that they have now learned it well. The things that divide the democratic parties of the free states, by whatever names they call themselves—Socialists, Liberals, Catholics, Conservatives, Progressive Conservatives—are as nothing compared with the gulf that separates them all from the communists.

Similarly, in international politics the things that divide the free and democratic nations of the world are as nothing compared with the gulf that separates these free and democratic nations from those subjected to the total tyranny of present-day communism.

The tragedy of Czechoslovakia in September 1938 and March 1939 was a prelude to war. The tragedy of Czechoslovakia in February 1948 need not be a prelude to war. It does, however, underline the necessity for the free states of the world to unite their material, their political and their moral resources to resist direct and indirect totalitarian aggression.

May I now cross the world to the far east.

The situation in the far east is, in the long run, hardly less menacing than that in Europe. During the years of Japanese aggression in east Asia serious strains were put upon the political, economic and social organization of that part of the world. The defeat and withdrawal of Japanese forces have left in the countries of the far east a legacy of political unrest and economic chaos. In circumstances such as these, the danger is particularly great that foreign penetration will be accomplished through local revolutionary forces.

The immediate need in the far east, therefore, is, as in Europe, a general peace settlement and the return of economic stability. As far as peace with Japan is concerned, the views of the Canadian government have already been made clear in the review which I gave the house on December 19 of the discussions that had taken place with regard to a Japanese peace conference. It has since then been made clear that the U.S.S.R. seeks to prevent countries other than the great powers from participating in any effective manner in preparing the Japanese treaty, and that procedures similar to those advocated by the U.S.S.R. for the peace settlement in Europe should, in the Soviet view, be adopted for Asia. These proposals we of course regard as unacceptable. It is the view of the Canadian government that an equitable settlement in the far east, reflecting the views of all the principally interested states, can be prepared only in a broadly representative conference where one or two countries do not have the power to block the wishes of the great majority. It is also the view of the Canadian government that the immediate menace of communism in the far east should not be met by the restoration of Japan to a position of such power that she can once again become a threat to peace.

I pass now to two brighter subjects—Canada's relations with the other nations of the British commonwealth and with the United States. First the British commonwealth.

Our relations with the United Kingdom and the other nations of the commonwealth, will, we always assume, and with good reason, be characterized by what is lacking in the world today, mutual confidence and understanding, frankness and good will. Constitutional issues, once of major importance in commonwealth relations, are now virtually things of the past. The principles of equality and complete autonomy are now the accepted postulates of policy for all member states of the commonwealth. The present status of all members is in fact well described in the phrase, now often used, as "independence within the commonwealth."

The commonwealth relationship has, however, never been and cannot remain static. The dangers and uncertainties of the present world situation have compelled Canada to assume greater responsibilities as a North American nation. For the same reasons the United Kingdom has boldly assumed the leadership in reorganizing the security and increasing the economic stability of western Europe. Australia and New Zealand are likewise

greatly concerned about security in the south western Pacific. Yet the assumption of special regional responsibilities by commonwealth nations has not weakened their general and close association.

The strength of this commonwealth association rests not in exclusive defence or economic arrangements among its members. Indeed in time of peace formal defence arrangements have been singularly lacking. The greatest strength of the commonwealth bond is the adherence of its members to its common ideals, their common political heritage which assures mutual understanding without the necessity of formal instruments of association; their common interest in promoting and defending their democratic way of life. These ties persist in spite of all changes in the world situation. Common dangers serve but to strengthen them. The commonwealth has twice proved its worth as a powerful instrument for the preservation of freedom for its members and for mankind. As such it remains.

A most significant change in membership in the commonwealth has occurred during the past year. What was once the empire of India has disappeared. In its place are three new nations of the commonwealth, India, Pakistan and Ceylon; while a dependency of the late Indian empire, Burma, has severed formal tie and become a separate republic. I think the good will relations will continue.

The India Independence Act and the Ceylon Independence Act passed last year, as members know, were but the final steps in the transfer to Indian peoples of the right of self-government which began many years ago. It is a matter of rejoicing among men of good will everywhere that the final stage was accomplished, not only without resort to violence, but with such evident good will and respect on either side. History scarcely affords a parallel of an imperial power abdicating sovereignty over subject peoples so generously and so speedily as Britain has done in India.

It does not detract from the merits of the settlement to note that the Indian peoples are in a very real sense the beneficiaries of a system of political freedom which developed here in North America. The first planting of representative institutions in the new world over three centuries ago in the colony of Virginia, the achievement of responsible government by Canada and Nova Scotia exactly one hundred years ago; the growth of autonomy in our external affairs which followed the first world war, are milestones in the development of Indian national freedom as in our own. This heritage of freedom within the commonwealth, the people of Canada, I think I may say, are glad to share with the peoples of India.

[Mr. St. Laurent.]

Under the India Independence Act, India and Pakistan have the right to leave the commonwealth if they so desire. We hope that they will not choose to do so, though the choice is solely theirs. The people of Canada esteem their membership in the commonwealth not merely for reasons of sentiment or tradition, but for its positive advantage. In a world in which the values and virtues of our civilization are in jeopardy, this association of free nations is both a moral and a material bulwark against the forces of disorder and oppression. It is to be hoped that the peoples of India and Pakistan, like the people of Canada, will continue to find the commonwealth a worthwhile club to which to belong. But whatever their decision, and it is theirs, we wish them well, in the great future that is unfolding for them. We wish to be their friends.

I should like to avoid mentioning one painful subject, but it would be unrealistic to do so. I refer to the serious friction which has developed between India and Pakistan over certain territorial areas, and to the dreadful communal rioting which has troubled both countries. Apart from our concern on humanitarian grounds that peace and order should prevail in that subcontinent, there is always the danger that others may be tempted to fish in troubled waters. Geographically, India and Pakistan lie on the frontiers of the free world. The freedom of their peoples is not unconnected with that of other freedom-loving peoples.

A course of action by which the Kashmir dispute might be settled has recently been adopted as a recommendation in the security council. The Canadian representative on the security council had some part in the preparation of this resolution, and he was associated with the group of members in whose names it was finally presented to the council for adoption. The positions taken by India and Pakistan were found to be so far apart that, in spite of repeated efforts, it was not possible to prepare a recommendation that would be acceptable to both parties. The members of the council who prepared the resolution endeavoured, therefore, to recommend a settlement by which the essential interests of both Pakistan and India, and Kashmir as well, could be protected. In voting for this recommendation the Canadian delegation has not attempted to express a judgment on the circumstances which have led to the present situation in Kashmir, but has merely assisted in formulating an impartial opinion as to procedures by which the Kashmir question might be settled. We are confident that our

friends in India and Pakistan, even though they do not consider that the Kashmir resolution fully meets their respective requirements, will nevertheless give weight to the procedure it suggests for resolving the difficulties, and will understand and appreciate the attitude of those states which participated in preparing the resolution.

A word now about our relations with our southern neighbour.

Canada's relations with the United States remain based on frankness, friendliness and good neighbourliness. We have, of course, many common problems, principally of finance, economics and security. We have also had some differences recently over incidents arising out of what we considered somewhat arbitrary United States administrative interference in certain trade and transportation matters. But we talk the same language even when we differ, and so we can always find a way of settling our differences and solving our problems. One source of whatever difficulties we have with our good neighbour is a flattering, if at times a trifle embarrassing, tendency on their part to consider us so much as one of themselves that, with the best of intentions, they occasionally forget that we are as sensitive as any nation about having control over our own affairs; if any country can be said to have control of its own affairs these days.

I know that we all recognize, however, that in a tense and dangerous world our mutual friendship and solidarity provide a strong foundation for the joint existence of Canada and the United States and for the conduct of our relations with each other. On the big issues we think and we are apt to act alike, because our two peoples have the same ideas and ideals, the same basic way of life. We react in the same way to any threat aimed at that way of life. That by itself would be enough to ensure our friendly co-operation apart from all the other influences that draw us close together.

Strategically we both recognize, I think, our mutual interdependence. Our joint defence measures are based on that fact. National defence alone is not enough in this day of new weapons and new methods of warfare. Collective defence is more than ever necessary.

Co-operative defence arrangements with a neighbouring state need not of course be inconsistent with collective defence within the terms of the charter of the united nations. Such measures are, in the present circumstances that confront our two countries, normal and necessary. They infringe no rights, inside or outside Canada. I can assure the house on this point. There is no threat to the control of our own affairs in our collaboration with the United States on joint defence. The Canadian government is aware of the sensitiveness of our people in this regard. The United States government also is aware of it and respects it. It readily accepts, for instance, the position laid down formally in the joint statement of the two governments of February 12, 1947, that all joint defence undertakings on Canadian territory—and in passing I may say they are of a very limited character with very few United States personnel involved—shall be under Canadian control.

There are some who argue that the mere existence of these arrangements constitutes a provocation to other nations. This is an old and familiar contention often used in the past by aggressors to frighten their victims from joining together for defence. Before the war the nazis used it to confuse and weaken those whom they wished to destroy. Surely in the present international situation it would be the height of folly not to take, in consultation with our friends, such precautions as reason indicates to be vital to our security and to theirs in an emergency. Surely, too, it is apparent to all that those arrangements constitute a threat to no one, except to those who are deterred by them from committing any aggression. Finally, they are not inconsistent in any way with our obligations under the charter of the united nations.

This brings me to another and important phase of my review, the present position of the united nations.

The annual report of the government to parliament on the united nations is now being printed, and I hope to be able to present it to the house shortly. It will be, as last year, a general review of the activities of the united nations, with particular reference to the second session of the general assembly in New York. I will not attempt to cover the ground of that report in this statement, but there are two matters on which I feel sure you would wish me to comment without waiting for the report to be tabled. The first of these is the general policy of Canada toward the united nations; the second is the question of Palestine.

On repeated occasions the government has indicated that collective security through the operations of an effective international organization was a primary objective in the foreign policy of this country. This continues to be our policy. We are fully aware, however, of the inadequacy of the united nations at the present moment to provide the nations of the world with the security which they require. The realities of this situation must be faced,

and the policy of the government in respect of it may be summarized very briefly.

In the first place we shall not encourage or foster any activity which at this moment might provide any state with a legitimate—I emphasize the word "legitimate"—excuse to withdraw from the united nations. On the other hand, we shall not refrain from action which we know to be right merely because it displeases certain other members of the united nations. We shall continue to give every assistance to constructive efforts to make the united nations into the instrument for security and co-operation which it was originally designed to be, and in the meantime utilize its present possibilities to the fullest extent.

We will also oppose demands on the united nations which at the moment are too heavy for its resources. It should not, for instance, attempt to undertake administrative responsibilities and police activities in various parts of the world before it has been given the means which may be required for carrying out those responsibilities.

We must realize also that the effectiveness of the united nations is at the moment greatly reduced by the divisions which have grown up between the countries of eastern Europe and the countries of the rest of the world. Until there has been some measure of settlement of the issues that appear to divide the world, we should not expect too much from the united nations in its present form and organization. No one should expect, for instance, the machinery of the united nations to produce a solution for problems on which the two most powerful nations of the world may have diametrically opposed views that cannot be reconciled.

During the last two years our faith in the united nations as an effective organization for peace and security has been pretty severely shaken. What is unshaken is our determination to make of it, or within it, an effective organization for these purposes. Unshaken also is our faith that this can be achieved. It is therefore important that the united nations be kept in existence, and that we make every possible use of the very high degree of vitality which, in spite of these divergent opinions, it has shown. There are, for example, subjects such as the dispute in Kashmir, to which I have referred, and the difficulties which have arisen in Indonesia, which are not directly within the area of conflict between the eastern European states and the rest of the world, and where the machinery of the united nations has been used very effectively.

Our willingness to stand for, and our ability to secure, election to the security council last September was an earnest of our desire to play our full part in the united nations. That part involves us in discussions and decisions on matters which once may have seemed to be remote from our interests. Although we know, as I have already said, that this remoteness is illusory, nevertheless this does not alter the fact that during the next year and a half Canada, as a member of the security council, will, at times, have to declare its position publicly on certain matters which previously might not have come to the attention of the government at all, or might have been dealt with confidentially through diplomatic channels.

The position of a power of the middle rank on the security council is under any circumstances a difficult one. A small power is in a sense by its very smallness relieved from much of the responsibility which participation in decisions involves, and which the implementation of such decisions requires. At the other extreme the great powers can protect their positions with the veto. A "middle country" such as Canada, however, is in a different position. Its economic strength and political influence are of importance, and its prestige is high. The material and moral contribution which Canada can make to collective action, as the last two wars have shown, is significant. The judgments which the Canadian government express on united nations matters must therefore be made with care and a sense of responsibility, especially since Canada is a country the views of which are taken seriously and which has the reputation of conscientiously carrying out the commitments into which it has entered.

Canada's position on the security council, as a middle power, would be an important one in any circumstances. The special nature of our relationship to the United Kingdom and the United States complicates our responsibilities, though it also enlarges our opportunities for influencing developments. Canada will be expected by some to follow the lead of the United Kingdom; by others to follow the lead of the United States. The fact that these two states are now in general agreement on fundamental questions eases but does not remove our particular difficulties. Unfriendly observers will write us off as a satellite of both, hoping in this way to minimize the effect of our independent action. More objective observers will tend to assume that it will be hard for Canada to follow a policy of its own. The fact that Canadian interests will often naturally be identical with those of the United Kingdom and the United States, without any suggestion or influence from these states, in a sense makes Canada's position

more ambiguous. It will not be easy to secure credit for independence and honesty of argument and decision. Nevertheless we will continue to make our decisions objectively, in the light of our obligations to our own people and their interest in the welfare of the international community.

I come now to the question of Palestine.

There is not time for me now to discuss this question at length, and hon. members may wish to examine the more detailed account of the discussions in the general assembly which will be included in our report to parliament on the united nations. I should like, however, to summarize a few of the principal considerations which have influenced Canadian policy on this subject since it came before the united nations.

The special assembly on Palestine, which met a year ago, was summoned, we should not forget, at the request of the United Kingdom to make recommendations for the future government of Palestine.

This special assembly established a committee which went to Palestine, investigated the position and reported to the regular assembly which met last September. In preparing its report the committee does not appear to have had any reason to assume that the United Kingdom intended to withdraw from Palestine in the immediate future.

Thus when the general assembly began in the autumn to consider the report of the special committee, the majority of whose members had recommended a plan of partition with economic union, it was found that an important feature of the plan was a suggestion that the mandatory power should continue to administer the territory during a two-year transitional period. The assembly also had before it, however, an announcement greatly altering the situation, but the reasons for which I am sure we all appreciate, that the United Kingdom government would terminate the mandate and withdraw from Palestine at the earliest possible date.

The general assembly, after a long discussion of the problem, recommended by more than a two-thirds majority that a plan based on the proposal of the special committee for partition with economic union should be adopted. It put the responsibility for implementing that recommendation on the security council if the two parties, the Arabs and the Jews, were unable to agree on it. Implementation from outside seems very much like leading a horse to water. You cannot have economic union without agreement between the two parties.

It is important that the Canadian attitude towards this issue should be made clear. This plan for partition with economic union was not initiated by the Canadian government. It was proposed by a united nations special committee on Palestine. When the report of that committee came up for discussion at Lake Success last autumn, it soon became clear that a plan based on partition with economic union was, regardless of its merits, the only one that could possibly secure the necessary majority at the general assembly. At various times the Canadian delegation intervened in the discussions for the purpose of endeavouring to make the plan as practicable and as realistic as possible. Above all, we tried to ensure that there would be some provision for implementation included in the assembly recommendation.

It was, and still is, the Canadian attitude that the united nations should not make recommendations in regard to Palestine without taking into account the problem of whether their acceptance could be secured. In the past the world as a whole has been spared the necessity of concerning itself with the problem of Palestine because of the willingness of the United Kingdom to administer that country. The inability of the mandatory power to continue to carry this burden presented, and still presents, the question of whether the responsibility which the United Kingdom is laying down will be picked up by the united nations; or, if not, by whom?

By the united nations in the form of a trusteeship? That was considered by the special committee and by assembly delegations last autumn and rejected. By the people of Palestine through the establishment of a unitary state with an Arab majority? That would not, so most delegations felt, fulfil the promises made, and so often confirmed, to the Jews that they should have a national home in Palestine. Or by the formation of Jewish and Arab states, with the majority of the inhabitants Jewish and Arab respectively, but joined together by economic union and free communication?

The Canadian delegation supported this last solution, as the least unsatisfactory of the alternatives which had at one time or another been considered; as the least unjust and least impracticable solution to a problem where, hon. members must realize, justice and practicality are so difficult to reconcile or even to discover.

As all of you are aware, the United States has modified the position it took in relation to the Palestine question last November. For reasons which have been given wide publicity and which were discussed by Canada in the security council on March 24, it is evident that immediate implementation of the partition plan is not practicable. You cannot have two

states set up and get them to act as an economic union. Necessary adjustments have now to be considered. On March 19 the United States drew the attention of the security council to the fact that if the assembly plan were not put into effect by May 15 the united nations would have no administrative responsibility in Palestine after the mandate ended. In order that this responsibility might now be definitely assumed, the United States proposed formally on March 30 that a second special session of the general assembly should be summoned. It indicated that it would suggest to the assembly the creation of a temporary united nations trusteeship, without prejudice—I emphasize those words "without prejudice"—to the final political settlement in Palestine. This would, it was hoped, serve as a suitable medium through which the united nations might fulfil its responsibility. The United Kingdom supported the proposal for summoning a special session of the assembly, as well as the United States motion calling for an immediate truce in Palestine. The Canadian government also gave its support to both proposals. In voting for the calling of a special session we had in mind the desirability of enabling the assembly to consider whether in this new and changed circumstance, alternative plans should be made for Palestine, particularly if there is hope that by these means processes of mediation and conciliation may be initiated and peace restored.

This special session is now meeting at Lake Success. A specific proposal has been made to it that responsibility for the administration of Palestine now be placed under a united nations trusteeship. An arrangement of this nature, however, unless it were accepted by both parties, might create even greater difficulties of enforcement than partition with economic union. Before such a plan could be put into effect, therefore, it would seem necessary to have the concurrence of a decisive majority of the members of the united nations and particularly those members who would be expected to play a leading part in the implementation of the plan. For this reason, the Canadian government, before it expresses a judgment on these proposals, will await some clear indication that the plans which have been placed before the assembly will produce a constructive result which can and will be put into effect. In the meantime, the Canadian delegation to the special assembly and to the security council will use its best efforts to support the truce agreement which was carried in the security council during the session of April 16 and by which methods were recommended to the two parties for avoiding further widespread violence in Palestine.

Apart from the references which I have made to our relations with our fellow members of the British commonwealth and with the United States, the picture which I have presented to the house has been gloomy. The cause of freedom, of democracy and of peace has had setbacks—in Europe, in the far east, in the united nations. But these setbacks have resulted in a strong democratic reaction.

In Italy, for instance, the communists have been waging a ruthless, determined and skilful fight for power. They have, however, been rejected by the Italian electorate in the kind of free election which they would never have permitted if they had been in power. The free people of Italy have declared that they want to remain free, to remain a part of western civilization and not to become a province of a new totalitarian slave empire. Their decision has been welcomed by free men in every country.

The Italian elections have once again proved the truth of the thesis that no nation by an honest vote has ever put the communists in power. It is well to remember, however, that once in power, the people will not be allowed to vote them out. The communists have only to win one election, because it will be the last of elections as we know them.

Difficult days lie ahead for Italy. The communists, having failed to get power by constitutional means, may resort to the threat and use of force. But we are confident that Italy will prove as successful in dealing with these threats as it has been in dealing with the communist attempt to gain power by using the democratic process of an election.

I would also like to mention three other important, indeed historic steps which have been taken recently, in the organization of democratic action. The first was the passage by the United States Congress of the Foreign Assistance Act of 1948, authorizing an appropriation of $5,300 million for the first twelve months of a European recovery program designed to last some four years. The second was the adoption on April 16 by the sixteen free nations of Europe and by representatives of the three western zones of Germany of the convention for European economic co-operation. The third was the signing of the Brussels pact. As to the first, on behalf of the government of Canada, I hope I can say even the people of Canada would like to pay tribute to this generous and imaginative act of high statesmanship by the government of the

United States. By the enactment of the Foreign Assistance Act, the most powerful democratic state of our day has given new confidence and vigour to all the free peoples of the world.

In their turn, the western European nations have given proof of their ability to respond to the challenge of the Foreign Assistance Act by the adoption of the convention establishing an organization for European economic co-operation. They have established an organization for self-help and mutual aid in economic matters. The purpose of the organization, as set forth in the preamble of the convention, is the—

> speedy establishment of sound economic conditions enabling the contracting parties as soon as possible to achieve and maintain a satisfactory level of economic activity without extraordinary outside assistance, and to make their full contribution to world economic stability.

The signature of the Paris convention took place less than a month after a third great historic event—the signature on March 17 in Brussels of the five power treaty of mutual assistance by the United Kingdom, France, Belgium, the Netherlands and Luxembourg. The convention agreed to in Paris is a long step towards economic unity in western Europe. The treaty signed in Brussels is a long step towards closer political and cultural unity as well.

This "western union", proposed by Mr. Bevin in his great speech of January 22, the nucleus of which has now been created by the Brussels treaty, is no mere military alliance directed against a possible aggressor from the east. It goes further and deeper and seeks to mobilize the moral as well as the military and economic resources of western Europe. It seeks to restrain the aggressive forces of communism, not by a Maginot line but by building up in the liberal, democratic and Christian states of western Europe a dynamic counter-attraction to them.

The difficulties which the governments and peoples of western Europe will have to overcome in order to create a western European community are formidable. To fail to comprehend their magnitude would be to demonstrate a lack of understanding towards the peoples of that part of the world. To us in this continent of vast spaces, western Europe may seem small and compact, but it is composed of many great nations, each with a long and splendid separate national tradition; each proud of its distinctive character, its peculiar institutions, its national independence. These difficulties are inherent in the rich diversity of the great European tradition. But the move towards the creation of a union of all the peoples of western Europe has been successfully started. We welcome that move and we are confident that the peoples of western Europe will continue to respond successfully to the challenge presented to them by the threat to everything they cherish in the remorseless advance of communist totalitarianism.

It is not only in the European recovery program, the Paris convention and the Brussels treaty that the democratic states have given proof of their ability to work together. They have also demonstrated this by the progress which they have made in bringing about administrative and other reforms in western Germany.

The internal state of affairs in Germany, even before the European recovery program was put forward, was a cause of concern to the three western occupying powers. These powers, already overburdened, were carrying a heavy additional load as a result of their resolve that Germany should not become a vast slum area and a menace to the physical and political health of the world.

From time to time all four occupying powers in Germany have been obliged to take measures for the efficient administration of their respective zones. Until the failure of the meeting of the council of foreign ministers in December last, these measures were largely of a transitory nature and, in general, have been based on the assumption that a German peace treaty would shortly be concluded. But the failure of the last foreign ministers meeting and the non-cooperative policy adopted by the U.S.S.R. in German matters, demonstrated that this assumption was no longer a reasonable one to make. Moreover, conditions in the countries occupying Germany, in the countries bordering on Germany, and in Germany itself did not permit indefinite delay.

Early in February, therefore, the United Kingdom and the United States promulgated a new constitution for their united zones, which placed upon the Germans a necessary degree of responsibility for their own public business. This responsibility should contribute to the re-education of the Germans in democratic and peaceful processes of government. Care, however, must be taken to see that it does not contribute to the re-emergence of Germany as a potential aggressor.

Following the promulgation of this constitution, talks were held in London from February 23 to March 6, in order to secure as great a measure of co-operation as possible in Germany between the United Kingdom, the United States and France. These talks have been resumed in the last few days.

Three of Germany's neighbours—Belgium, the Netherlands and Luxembourg—have a specially direct and urgent interest in a number of the problems under discussion. Western Germany has long been their normal source of supply for many essential goods, especially coal and iron, and their economic welfare depends to a very great extent on that of the western zones of occupation. It can therefore be understood that a discussion of administrative and practical arrangements for inter-zonal co-operation, especially in economic matters, should take into consideration this special position of the Benelux states. They were accordingly invited to take part in some of the discussions at London.

It was the Canadian government's attitude that the special association of the Benelux countries with the occupying powers in the London talks was a reasonable and necessary stage in the effort to bring about closer economic co-operation between the countries of western Europe. We regarded the participation of the Benelux countries in these talks as a step toward the realization of the European recovery program which we had already welcomed. We continue to insist that we have the right to effective participation in any general German peace settlement, when it comes to be made.

It is hoped that these London talks will end much of the enervating uncertainty which has beset Germany since her defeat; and that western Europe generally will profit from the stability which three-power decisions can and must give in the absence of four-power or multilateral agreement. To the extent that this end is achieved, communist propaganda and conditions which produce communist action committees will be counteracted in western Europe.

Before concluding, I should like to say something about Canada's relations to these questions, first, to the European recovery program and, secondly, to the developments towards western European economic and political unity, which I have just mentioned.

As to the first: in the United States program for European recovery, provision is made for purchases outside the United States. A sizeable proportion of the funds which the Congress has authorized for the program has been set aside for this purpose. It is not expected, however, that either the volume or direction of Canadian trade will be significantly altered by this development from that of recent years. The "off-shore" purchases provision of the Foreign Assistance Act can, however, enable us to continue to send to western Europe commodities which otherwise, because of our own dollar difficulties, we would have had to direct to countries which could provide us with dollars or goods in return.

In view of the expected extent of United States dollar purchases in Canada under ERP, it has been suggested that we might now be expected to contribute further substantial direct financial assistance to western Europe. However, our United States dollar reserves are still lower than they should be. Nor can these reserves be increased to a satisfactory level simply by selling wholly for United States dollars those commodities which have in the past been paid for only partly in United States dollars. We must not forget or allow others to forget that since the end of the war we have extended to the European nations, in the form of loans, credits and grants, an amount which, relative to the size of our population, and our national income, is second to none. We must, however, have a surplus in our international balance of payments before we can consider the extension of any further financial aid to western Europe.

In order to secure such a surplus we must, among other things, expand our exports, continue to do without many of our traditional imports from dollar countries, and secure more of our imports from countries in the sterling area.

What of the second question, Canada's relations to the developments towards western European economic unity and western union? The development and rehabilitation of a sound system of international trade, a matter of first importance for Canada, is inseparably linked with European recovery. It must not be forgotten that the United Kingdom and the western European countries have in the past provided valuable markets for Canadian exports. Should the economies of these countries collapse, our own economy would suffer a severe blow. In addition, such a collapse would provide a favourable environment for communism, which feeds on insecurity, unrest and political instability. For these reasons we welcome any development towards European economic unity, which will in the long run be of great advantage to Canada by increasing political security and by widening the area of freer trade.

In so far as widening the area of political security is concerned, the Prime Minister (Mr. Mackenzie King) has already outlined in this house on March 17 the government's attitude to the Brussels five-power treaty. I think I might repeat here what he then said, to place

it in the context of the world picture. Speaking of the Brussels five-power treaty the Prime Minister said:

> This pact is far more than an alliance of the old kind. It is a partial realization of the idea of collective security by an arrangement made under the charter of the united nations. As such it is a step towards peace, which may well be followed by other similar steps until there is built up an association of all free states which are willing to accept responsibilities of mutual assistance to prevent aggression and preserve peace . . .
>
> The Canadian government has been closely following recent developments in the international sphere. The peoples of all free countries may be assured that Canada will play her full part in every movement to give substance to the conception of an effective system of collective security by the development of regional pacts under the charter of the united nations.

The time has not yet come when it would be wise or useful for the government to go much beyond that considered and, I think, important statement of government policy.

I referred to one possible line of development when I spoke seven months ago at the general assembly. I stated then that it was not necessary to contemplate the break-up of the united nations or the secession from it of the Soviet group in order to build up a stronger security system within the organization. Without sacrificing the universality of the united nations, it is possible for the free nations of the world to form their own closer association for collective self-defence under article 51 of the charter of the united nations. Such an association could be created within the united nations by those free states which are willing to accept more specific and onerous obligations than those contained in the charter in return for greater national security than the united nations can now give its members.

It may be that the free states, or some of them, will soon find it necessary to consult together on how best to establish such a collective security league. It might grow out of the plans for "western union" now maturing in Europe. Its purpose, like that of "western union," would not be merely negative; it would create a dynamic counter-attraction to communism—the dynamic counter-attraction of a free, prosperous and progressive society as opposed to the totalitarian and reactionary society of the communist world. The formation of such a defensive group of free states would not be a counsel of despair but a message of hope. It would not mean that we regarded a third world war as inevitable; but that the free democracies had decided that to prevent such a war they would organize so as to confront the forces of communist expansionism with an overwhelming preponderance of moral, economic and military force and with sufficient degree of unity to ensure that this preponderance of force is so used that the free nations cannot be defeated one by one. No measure less than this will do. We must at all costs avoid the fatal repetition of the history of the pre-war years when the nazi aggressor picked off its victims one by one. Such a process does not end at the Atlantic.

I am sure that it is the desire of the people of Canada that Canada should play its full part in creating and maintaining this overwhelming preponderance of moral, economic and military force and the necessary unity for its effective use.

One thing we must constantly keep in mind as we approach this fateful decision is that the western European democracies are not beggars asking for our charity. They are allies whose assistance we need in order to be able successfully to defend ourselves and our beliefs. Canada and the United States need the assistance of the western European democracies just as they need ours. The spread of aggressive communist despotism over western Europe would ultimately almost certainly mean for us war, and war on most unfavourable terms. It is in our national interest to see to it that the flood of communist expansion is held back.

Our foreign policy today must, therefore, I suggest, be based on a recognition of the fact that totalitarian communist aggression, endangers the freedom and peace of every democratic country, including Canada. On this basis and pending the strengthening of the united nations, we should be willing to associate ourselves with other free states in any appropriate collective security arrangements which may be worked out under articles 51 or 52 of the charter.

In the circumstances of the present the organization of collective defence in this way is the most effective guarantee of peace. The pursuit of this course, steadfastly, unprovocatively, and constructively is our best hope for disproving the gloomy predictions of inevitable war.

The burden of maintaining peace, however, will not be easy. We must constantly remember that the union of the free world which is now "painfully struggling to be born" will possess overwhelming strength only if it is based on moral as well as material force; if its citizens are bound together not merely by a hatred of communism but by their love

of free democracy and their determination to make it work for the promotion of welfare and the preservation of peace.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, the house has listened with complete attention to the statement which the Secretary of State for External Affairs (Mr. St. Laurent) has just made. Many changes have taken place since that day in July, 1911, when Mr. Asquith, the then prime minister of Great Britain said, in answer to the suggestion that the overseas dominions assist in the formulation of the empire's foreign policy, that in matters of such grave import the mother country could not consider sharing her responsibility. Changes have taken place in Great Britain itself. Great Britain was then a world leader in industry, in finance, in trade and in diplomacy. She possessed a navy which was admitted to be double in strength that of everything that could be brought against it from the recesses of seven seas and those were the days when such a navy meant complete protection not merely to Britain but to all who lived under the British flag.

Those days have gone. Science has given to man access to the realms of the air and of the the ether. The submarine, which was only mooted in those days, is now an effective and destructive agency of warfare. Having resisted and resisted successfully the onslaught of tyranny on two separate occasions, Britain is not today the power that she was in 1911.

Changes have taken place in Canada. At that time Canada was a dominion achieving advancement in the economic and industrial worlds but quite unaware of her great potentialities. The great world itself has become a different place. From the close of the religious wars until the beginning of the first great war, that is from the founding of Quebec in 1608 until 1914, the modern state system had been kept together and in order by an instrumentality known as the balance of power. It operated under certain accepted rules and restrictions which brought to the rescue of any nation that was being set upon by a larger one the majority of the other nations. Britain as a maritime power used this instrument with such skill and political wisdom that the world enjoyed for a century—from the battle of Waterloo until that of the Marne—peace, the *Pax Britannica*.

It is true there were interruptions in this peace, but they were transitory and did not disrupt orderly life in the continent of Europe.

[Mr. St. Laurent.]

This balance of power, which was relied upon to maintain peace in Europe and in the world, has also pretty well disappeared from horizons of the mid twentieth century.

At the close of the Napoleonic wars there were eight nations that were called great powers. These were Austria, France, Great Britain, Portugal, Russia, Prussia, Spain and Sweden. Portugal, Spain and Sweden were so called by courtesy rather than because of any great power in themselves.

In the middle of this period, about 1860, the United States and Italy became first-class powers. A little later on, about the turn of the century, Japan became a great power. So at the time of the first great war there were eight great powers. As a result of that war, Austria disappeared as a great power. Germany disappeared temporarily, as did Russia. These latter two countries, however, revived; and at the beginning of the world war in 1939 there were seven great world powers: France, Germany, the Soviet republics, the United States, Great Britain, Japan and Italy. As the outcome of the war, Germany, Italy and Japan disappeared, and there remained in reality as great powers but Russia and the United States, with Britain and those nations which have been closely allied to her in a reduced situation. The world found itself in a strange situation. It found itself in an era in which there were two great contenders, two powerful giants who alone seemed almost able to control the world. The makings of a balance of power seemed to have vanished.

Some days ago I was reading the speech that was made at Bar-le-Duc by General de Gaulle on the 28th of July, 1946. In it I found the amazing prophecy made over a hundred years ago by the historian de Tocqueville. I consider it of sufficient interest to impart a translation of it to the house:

There are at this time—

Said de Tocqueville over 100 years ago.

—two great nations in existence which proceeding from different points, appear to be advancing towards the same end. I mean the United States of America and Russia. All the other nations seem to have reached very nearly the bounds which nature marked out for them and have nothing further to do but to keep what they possess. These two only are still in progress. They alone are marching forward rapidly with giant steps in a career to which the eye can as yet discern no limit. The American depends chiefly on self-interest to effect his objects, and leaves the individual to act almost without direction. The Russian concentrates in one man the whole power of society. The main principle of the former is liberty; of the latter, despotism. Their respective points of departure are different; they move in opposite

directions; but each seems to be called, in the secret designs of Providence, to hold in its hands at some future day the destinies of one half the world.

While this prophecy is remarkable in many ways, fortunately it is not quite accurate, because outside the realm of these two giants there remains still a powerful element which can play an important part in maintaining the peace of the world. When the minister was setting forth the Canadian position, he made reference to the relationship between Canada and other countries which it is believed will tend to delay, if not to prevent, a conflict between these two giants.

As the minister has pointed out, the position of Canada, as a middle power, is a difficult one from many angles. By reason of our origin, our economy and, I was going to say, our internal diplomacy, we have a certain facility for meeting and dealing with other people which makes us useful agents in all international gatherings. Our services are sometimes sought; our vanity is flattered. In fact we are but a minor, if not altogether a humble, member of the united nations. That fact is pointed out clearly in the minister's departmental report for the year 1947. When the time came to make peace, to prescribe the conditions upon which peace should be made with Germany and with Austria, Canada was not consulted. We received a note informing us that we might communicate, not with the council of foreign ministers but with the special deputies of the council of foreign ministers. We protested, and there the matter ended.

It is probably well that from time to time we should learn of our own relative insignificance, that we may not be unduly exalted when taking part in international discussions and conferences. Canada seeks peace. That is the chief object of Canada's association with other nations. Within the last few years we have come into a position of responsibility. We are neophytes in the practice of this art or profession of international politics; and it behooves us to be extremely careful lest we be imposed upon, and that, while tendering our good offices, we are not made the agents of those who are willing to avail themselves of our youth and vigour to aid them in their own political difficulties.

I am not going to refer in detail to many of the countries or all the problems to which the minister has made reference. I am fully aware of the difficulties incidental to the solution of many of the problems that come before the united nations. At the end of the war, when it was decided that another effort should be made to establish a body which could govern the world and keep predatory nations in hand, Canada entered willingly and ardently upon the undertaking to form a body whose duty it would be to maintain peace, do away with servitude, protect human rights, and give to the world at large many of the blessings enjoyed in her homeland.

The united nations was set up amid high hopes. It was my privilege to assist at a meeting of the general assembly last autumn. I admit that probably I did not see this great organism in the most favourable circumstances. I saw it while it was dealing with the Palestinian question, a question which has baffled and tortured the ingenuity of many peoples for some scores of years and which does not yet appear to have yielded to treatment.

It is not my intention to criticize any of those who took part in the proceedings which led to the decision that the partition of Palestine should take place. I do think, however, Canada should profit by that experience. Other countries, too, can profit by the same lessons. It was said, and there was something to justify the allegations, that domestic political necessities bore very heavily upon this decision. Whether or not that be true, Canada displayed there an enthusiasm which was perhaps more indicative of youth and good will than of mature experience. We took it for granted that partition would be enforced, without inquiring carefully by what agency or in what way.

In recommending partition the general assembly also voted to appoint a five-man united nations commission, consisting of representatives of Bolivia, Czechoslovakia, Denmark, Panama and the Philippines, to proceed to Palestine under the aegis of the security council and take over from the British government when it terminated its mandate. To one not altogether familiar with the ways of internationalists, it seemed that the selection of the countries I have mentioned for this important and difficult task indicated that the matter had not been considered in all its aspects. I feel that the Jewish people of Canada, who were very much interested in the solution which was promised by partition, have ground, not to criticize their own government, to regret that this matter was dealt with in a way which did not take into consideration all that enforcement of this policy of partition meant.

There is this to be recalled, that throughout the meetings at Flushing and Lake Success in the autumn of 1947 there was but one issue in which the Soviets took any common interest with the other nations. That was the partition of Palestine. The Soviets were very ardent in their advocacy of this policy, which has now failed. I think that is not too definite a term

to use because, whatever may happen, in the result the united nations has suffered a set-back from the manner in which this question has been dealt with. That set-back should be turned to account; and Canada with other nations should recall at all times that in matters of international relations the responsibility for one's actions is very great indeed.

I point this out because thirteen years ago Canada suddenly abandoned a position in international affairs which had been taken perhaps without sufficient consideration. I refer to the sanctions imposed upon Italy in 1935.

It is to be hoped that in dealing with these matters in the future Canada will not give her support until she has satisfactory assurance that the policy determined upon is one which can and will be executed.

The other question which is of supreme interest to the world at large, and to Canada in particular, is the peril that confronts liberty loving people as a result of the attitude of Soviet Russia. Canada wants peace. It wants peace—not at any price—it wants peace if it is possible to have it without the sacrifice of those things which we hold so important, so essential that, for their preservation, she would go to war.

Here I suggest it is most important that Canada give attention to local conditions. We need to maintain peace to give the world the impression that we are strong and ready to protect ourselves. This means in the first place that we should have armaments, and in the second place that we should have allies. It means, above all, and most important, that we should be at one, that we should be unanimous in our attitude toward peace and war.

Beginning first with the last requisite I have mentioned, it is just there that I feel Canada is not at her best. We know there are a great many honest, good and sincere people in Canada who do not believe that this country is in any peril. There are vast elements of our population who, through the last war, and also through the first one, felt that Canada had no direct interest in those wars, and that they were imperialistic wars. There are people in Canada who believe, and believe honestly, that there is in this land a vast, probably a predominating, element which is imperialistic. They believe that if these so-called imperialists had to choose between an interest that was purely British and one purely Canadian, they would select the British interest to the exclusion and to the detriment of the Canadian.

I know many people who hold these opinions. I respect their views; I believe they are in error. I wish to maintain the uncontroversial tone of this debate, but I think it is

here that government, that statesmanship and that patriotism can render their greatest service to Canada.

If Canada is not in peril, if the attitude of the government is dictated by interests which are other than Canadian, then there is no reason to fear; there is no reason to prepare. But if in fact there is a peril, that should be made clear to everybody. These good people, these honest people, these people who love Canada just as ardently as anyone else, but who disbelieve that there is danger, should be afforded the opportunity of joining in resistance to a real menace. The government should help them to a realization of the facts.

In other days many Canadians have been interested in foreign matters only because of their reactions upon domestic politics. I hope we have passed out of that era. If we have passed on to another plane and are accepting and acknowledging our international responsibilities as a member of the assembly of the united nations and as a member of the security council, it behooves us to make clear to our people exactly what our situation is. If we can do away with controversy as to the facts; if we can come into agreement as to whether or not there is a peril and as to whether or not that peril is Canada's, then I am confident that we shall have united support for Canada's foreign policy and a most effective agency for the maintenance of peace.

It is an invitation to hostilities for a nation to be divided in its foreign policy. It was said in this chamber on the eve of the last war, when the very clouds were dripping with disaster, that it was unthinkable that Canada should go to Europe to fight for democracy there. That was dangerous talk. If the government can take the people of Canada into its confidence; if it can point out to them that there is a great and real peril I believe that it will have done much, not only for the unity of Canada but for the maintenance of world peace.

These questions are always difficult of discussion, because one wishes to keep away from controversial matters. At the same time there is imposed upon one the obligation of stating how a unified and strong and sincere national sentiment may be evolved. Communism has opened up differences and divergencies between men more far-reaching and rending than any the human race has ever known.

As was stated in the quotation which I read, the philosophy which seeks to dominate humankind by taking from it the exercise of its freedom of will and action, which are the outstanding characteristics of humanity, is a threat which is more terrible in its consequences than any that the civilized peoples of the west

have had to face for a long time. However, we can derive some cheer from one aspect of the situation. Communism is a purely materialistic doctrine. It is one which restricts its activities to the physical. As the minister said, you need to have only one successful communist election, because once the communist is in power he uses that power to maintain himself there and to destroy all of everything that savours of liberty.

I say we can derive some consolation from the fact that communism, terrible as it is, ruthless as it is, is an entirely materialistic philosophy and in consequence it cannot tap those bottomless wells of supernatural vigour and spiritual dynamism which make for the triumph of just causes. But it is not enough merely to belabour the communist and to criticize his methods and his attitude toward society. We must in our land improve conditions and make the winning of a living here so equitable and so attractive that the communistic seed, even if it should sprout, will not reach great heights and will never yield an abundant crop.

This debate is somewhat of an innovation. In the past we have had statements by the minister of external affairs on questions which were more or less academic. But now for the first time I think we have heard from a minister who has had to assume responsibility for Canada's foreign policy in an anxious world; and while the responsibility is great and the change has been very rapid from the time when we first had any voice in foreign affairs, I like to think that from this new responsibility and that from the very dangers, the very perils, the very burdens which are inherent to adolescence, if not to maturity in this new sphere, we shall achieve in our land a more complete understanding between the different sections and elements that go to make it up.

Our position is a difficult one. We have an extremely powerful and an extremely bountiful and an extremely friendly neighbour. But it is well to recall that certain restraints must be observed to maintain friendship in a neighbourhood. A little bit of forgetfulness, a little bit of licence, taking too much for granted, sometimes upset what was destined to be and what has been a delightful relationship. I hope that we shall be able to continue our relationship with our good neighbour to the south, and there is no reason to anticipate that we shall not, so long as we are respectful of him and respectful of ourselves and do not rely on that neighbour out of his bounty to do too much for us.

I regret—this may be a little outside the debate, Mr. Speaker—that we have found it necessary to borrow money from the government of the United States. Borrowing puts a strain on friendship. The neighbour might not want back what is owing to him; but until he gets it back we shall owe it to him, and we shall owe him a little bit of that deference, a little bit of that servitude which one good neighbour is happier if he does not owe to another.

There is one other aspect of our foreign relations on which I should like to dwell for a moment. I heard the hon. member for Montmagny-L'Islet (Mr. Lesage) make a very interesting speech the other night. He said that it would be well if appeals to the privy council could be terminated, our relations with England through the privy council brought to an end. I do not wish to insinuate that he said anything which was not proper. He expressed a very respectable opinion in most respectful language, but it raised a point that I want to discuss—our relationship with Europe. We are the umbilical cord; we are the only direct line of communication that exists between the new world and the old, with its wealth of experience and learning, tradition and all that goes to make up that civilization which was the heritage of our forebears whether they came from the British isles, from France or from any other country of the western world. We are the sole direct channel of relationship between the old world and the new. It is out of that east and west relationship which took its origin in the zeal of the missionaries, the restlessness of the pathfinders; it is from those who were seeking the road to Cathay, who were seeking their way to the abundance of the orient, seeking their way to the Pacific and the treasures beyond—it is out of that relationship that Canada came into existence, and it is because of its maintenance that Canada is something different from that which is around us today. If Canada is Canada and distinct from other countries of the continent; if our institutions are a little more secure; if our respect for the past is a little more pronounced, it is because of that continued relationship with the old world. It is because we are in more direct touch with that which has been the source and pride of western civilization, and which is in peril today, that we as children of that great heritage have been trying in our small way to assist in the rehabilitation of Europe.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. HACKETT: Mr. Speaker, I have searched in vain in the report of the Department of External Affairs for any reference to the bill which was passed last session entitled, I believe, the Visiting Forces Act. I looked upon that as an act of major importance because it conceded to a friend and neighbour very substantial and unusual rights, among them the right of setting up in Canada his own courts of justice that members of visiting forces might be tried and punished here according to the laws of the United States.

Whatever may be thought of the legislation, I think it is of sufficient importance to have been mentioned in the report of the minister. I hope that in the next report we shall find that it has been repealed by mutual consent.

There is only one more matter to which I wish to refer, and while it is in a minor key compared with some of the matters that have been discussed this afternoon, it is of considerable importance. I refer to the customs and immigration posts at the frontier.

Our customs offices and immigration offices on the border remind one very much of what one saw in the old world on the eve of the war. There are in the immediate offing of these establishments high-powered motorcars; there are young arsenals, and there are officers whose military bearing and general demeanour spell force and militarism in some of its objectionable aspects.

The customs laws and the immigration laws must be respected; they provide for the punishment of those who break them. It is unfortunate that a borderland of such length, one concerning which we have been proud to declare, for a hundred years, that it has been undefended by fortifications or arms, should be marred by these miniature and pigmy fortresses.

The minister I know will not consider it beneath his dignity to give some attention to these matters, because he too comes from the borderland and knows of the friendly feeling that has always existed between the peoples of the two countries. Recently social intercourse and relations generally between the friendly people on both sides of this international boundary have been profoundly interfered with by the difficulties of border crossing.

I think we owe it to ourselves and to the neighbourly spirit in which we have lived for these hundred years to do something toward reducing these monuments to barbarism which we erect without necessity along our international frontiers. We are probably no more to blame than our neighbours, but I like to think that if the minister would turn his attention seriously to this matter, in collaboration with the secretary for foreign affairs in the United States, he could do much to make less difficult the practice of friendship by the people who live along these frontiers.

It is well to remember, Mr. Speaker, that most of our people live along the frontier. It is said that 95 per cent of Canada's population is within 200 miles of the frontiers of the United States and that 90 per cent of it is within 100 miles of that country. Nearly our entire population live in areas adjacent to or almost immediately adjacent to the international boundary. Therefore much would be done to add to their comfort, to say nothing of the edifying example to be given to the foreign visitor, if these unnecessary impediments to circulation, amity and understanding were made less awesome and the difficulties to international relations reduced.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, we have listened to two speeches which I think should set a very high standard for this debate. The Secretary of State for External Affairs (Mr. St. Laurent) this afternoon dealt with the more immediate problems facing the country and the world, and the government's policy in relation to those problems. Before the dinner recess and tonight the hon. member for Stanstead (Mr. Hackett) gave us one of those rare treats when he placed before us the historic background of many of the problems which we face today. With the introduction contained in those two speeches I think we have had the beginning of a debate which should reach a high standard indeed. I wish to congratulate both hon. gentlemen.

During the war the C.C.F., the movement which we represent, continually urged upon the nation that we should prepare for the winning of the peace as well as for the winning of the war. We said at the time that war aims and peace aims were one and indivisible, and that it was not sufficient merely to say that we intended to destroy the nazi and fascist regimes.

When, three years ago almost to the day, we met in San Francisco in the closing days of the war, we hoped that the nations gathered there would find the basis of friendship and understanding. We established the united nations which, in spite of all its deficiencies, remains the only instrument for co-operation among the nations of the world. In spite of all its defects, it has served already as the forum for public discussion of many of the grave problems that face us in the realm of international affairs. In the forum of the general

assembly there have been discussed and examined critical issues which might have been hidden away and led to graver difficulties had the full glare of publicity not been shed upon them. Its social and economic agencies are performing essential services in the cause of human welfare and, therefore, of world peace. We regret, of course, that so far several important aspects of the charter have not been put into effect. I think this is particularly disappointing, when it is remembered that the principal powers have failed to call together their military staffs and to organize the international force for the prevention of aggression that we expected would be established.

The C.C.F. gave support to the united nations charter. We believe that the first principle of Canada's foreign policy should be continued participation in and active support of the united nations organization, its principal organs and specialized agencies. I think it is true to say that Canada has already played an important part, not only in establishing those agencies but in giving support to them and endeavouring to fulfil the obligations inherent in the decisions that have been made. As I say, we believe that our external policies should be based firmly on the principles of the united nations charter even—and I am glad the minister this afternoon emphasized the point I am about to make—if on occasion the proposals of Canada run counter to those of any other nation, great or small.

Those of us who have attended the meetings of the assembly realize that the statements of our government, on behalf of Canada, urging the simplification of the procedure to be followed in the assembly and in the associated bodies, meet with the support of the majority, not only of the people in our own country but, I believe, of people everywhere all across the world. We believe that we must do everything in our power to strengthen the united nations organization, to assist in the development of the economic and social council and its specialized agencies, and to endeavour to develop all these, not only because they are useful in themselves but as first steps in the expansion of the united nations organization into an effective organ of government at the international level.

We realize that a suggestion of this sort necessarily involves something else. It involves the relinquishment of certain privileges associated with what I believe to be an out-moded national sovereignty. Although it means the relinquishment of an out-moded sovereignty, in reality it is not a restriction of effective sovereignty. In reality it is an extension of national sovereignty, because it enables us to take part in decisions affecting not only our own welfare but the peace and welfare of the whole world. In other words, it expands the influence we have from the realm of our own domestic situation into the realm of the affairs of the great world at large. Although some of us assembled in this chamber today may never live to see the united nations organization become the instrument of government at the international level, I believe that the day will come—indeed, it must come—when that goal will be reached by humanity. I believe it is because we have failed to grasp this very fact that the nations at large, and the masses of people in those nations, are today in revolt, if I may use that term, against exploitation and oppression.

The democratic nations sometimes have compromised themselves and placed themselves at a disadvantage in the struggle for democracy and the ending of oppression throughout the world. In other words, because of the international situation the democratic nations at times have appeared to be on the side of reactionary interests across the world, such as feudal rulers in the near and middle east and so on. This at times has placed the democratic nations in an unfortunate light before the rest of the world.

Unfortunately, during the conflict, because of the necessities of war the great powers—and therefore the nations associated with them in the war—committed themselves to various kinds of old-fashioned agreements, dividing the world into spheres of influence and sharing the spoils of victory, in order to maintain the grand alliance that ensured victory. We used to hear eulogies of Teheran, Yalta and the Potsdam agreements. But we must remember that, at those conferences—as we now well know—the great powers set aside important pledges which were made during the war and which in some respects were embodied in the Atlantic charter. By some parts of these agreements the Atlantic charter was nullified and set aside.

Since the war ended, territories have been annexed, innocent people have been displaced, political dissidents have been sent to forced labour in mines and forests, and governments have been established or supported which would not conform to the desires of the people of those countries if they had an opportunity to express themselves freely in regard to them. We condoned—and I am not speaking of our own nation alone—the annexation of the Baltic republics and East Prussia by Russia and Poland; and we raised no objection when the

United States retained control of Pacific islands which it proposed to use as military and naval bases.

The two great powers about which we have heard so much today, the two giants as my hon. friend called them, Russia and the United States, which emerged from the war as the dominant nations of our time, each in its own way has proceeded to preach and, wherever possible, practise its own economic and social way of life throughout the world. But I do not think we should ever forget that the devastated and war-worn people of western Europe have realized that capitalism as we have known it in North America cannot be revived; for the destruction wrought by both war and the nazi regime scuttled capitalist ownership in Europe, and indeed scuttled it also in parts of Asia.

I now want to say that we welcome and support the European recovery program, because we believe it will give the nations of western Europe an opportunity to rebuild their economies in accordance with their needs. I am glad that this afternoon both the Secretary of State for External Affairs and the hon. member for Stanstead, speaking on behalf of the government and the official opposition, placed their parties squarely behind this very important project. We believe the European recovery program will give the western democracies an opportunity to rebuild their war-torn economies. I think we have to remember that no rehabilitation of the war-torn continent of Europe could be undertaken without the generous economic help of the United States. We regret profoundly that the Soviet union and the countries associated with it rejected the opportunity of uniting with the rest of Europe in this recovery program. Because of that refusal, the division between the east and the west has been deepened, and another chance for the immediate establishment of a firm economic foundation for European peace and indeed world peace has been lost.

Sixteen co-operating nations are developing a joint program of international planning for the co-operative allocation and use of their resources; and, as I have said, we of the C.C.F. warmly welcome the proposals. Indeed we join with the democratic socialist parties of other countries in their determination that the administration of the program, as far as we are able to exercise any influence at all, if it is to be successful must not interfere with the democratic right of the European peoples to control and determine their own social and economic destinies.

We believe that Canada, for her part, should support and assist the program, and respect

[Mr. Coldwell.]

the right, which we ourselves must guard carefully in our own country, of all nations to determine their own purely domestic policies. The reconstruction of western Europe holds out hope that the nations joining together in this project will provide a positive alternative to the economic tyranny of private monopoly on the one hand and political tyranny of totalitarian dictatorship on the other.

This afternoon the hon. member for Stanstead spoke of the ancient policy of the balance of power. That policy has gone; but perchance the democratic nations of western Europe may, in the words of Leon Blum, become the third force in the world, which indeed may hold a new kind of balance, so that an aggressor, from wherever he comes, will know that against him would be thrown the weight of the democratic nations of western Europe.

We believe, then, that the rehabilitation and unification of the western European democracies may become one of the guarantees of world peace. We also believe that if the reconstruction of western Europe is to be carried out in a manner that will be beneficial to all concerned, the development of western Europe as an economic unit must be based on the principles of democratic social ownership, principally for the reasons I gave a few moments ago when I said the war and the nazi regime had destroyed the very basis of large-scale private ownership on the continent of Europe.

I should like to add that, even though some governments or political parties in Europe have not accepted these principles for European reconstruction, that should be no excuse for refusing to co-operate with them or indeed to give every possible assistance in their attempt at democratic reconstruction. After all, the very basis of democracy is intelligent compromise; and one of the reasons that among the democratic nations we have found it so difficult to come to understandings with the representatives of the Soviet union is that, as Mr. Gromyko said in an address at Lake Success not so long ago, in the Soviet dictionary there is no word for compromise. In a democracy there must be intelligent discussion leading to intelligent compromise. That is the way in which we make progress in these democratic countries.

We believe that, if carried out, the union of European peoples will provide the world with a strong democratic political force making for peace, thus reducing the dangers of a Soviet-United States conflict. At this stage may I add that I agree with those—and they

are many, among the leaders of all the nations of the world—who say that, while conditions across the world are disturbing, there is no reason to believe that war should be either imminent or inevitable.

We do not, of course, regard the union of western democracies as a mere military alliance, but rather as a means for close economic co-operation among the member nations. This, may I add, does not rule out the necessity, in the kind of world in which we live, of nations placing themselves in such a position that they may withstand any attack that may be made upon them. Because of this; because we believe that close economic co-operation among the member nations is fundamental to the welfare of those nations and the world, we believe that Canada and our sister dominions of the British commonwealth should plan their trade and resources as far as possible to strengthen this union of democracies. That, I take it, is precisely what the Secretary of State for External Affairs had in mind in the last part of his address this afternoon.

I said this should not be regarded as a mere military alliance. Unfortunately, of course, there is a great deal of war hysteria among the nations of the world today. Considerations of military strategy and power are responsible for this; and I fear that we in the western democracies, as I said a bit earlier, from time to time have given support to reactionary movements, for example in Greece and elsewhere, and have taken no effective steps against the fascist dictatorship in Spain. Canada has given help to Chiang Kai-shek in the Chinese civil war without any guarantee—and this is the point I want to make—that he intends to introduce essential agrarian and others reforms, or to root out the widespread corruption and inefficiency in the administration that Secretary of State Marshall drew to the attention of the United States and the world when he returned to Washington from China some months ago. The help to which I refer differs fundamentally from aid for European rehabilitation. We believe that Canada should endeavour to urge and follow a more democratic and constructive policy with respect to the matters I have criticized.

Obviously, military and power considerations explain the policies of the Soviet union, which have brought one eastern European country after another under its domination. As the Secretary of State for External Affairs pointed out this afternoon, recent events in Czechoslovakia show clearly that political freedom and liberty are completely extinguished in any country which comes under communist domination. In all these countries, the free democratic socialist parties have disappeared. Those who share our views, with whom we have met at international conferences, are either imprisoned, silenced, or living in exile abroad.

The Soviet union has refused to take part in the recovery program. Communist parties everywhere have set out to frustrate its implementation. I criticized the western democracies a few minutes ago because of their support of reactionary elements in Greece. But the Soviet union refuses to co-operate with the Balkan commission set up by the united nations, and its lead has been followed by communist controlled nations surrounding that unhappy country.

Had co-operation been established with the Balkan commission, it might well be that reactionary elements in the Greek government might have been replaced by more democratic elements in that country, and a government more satisfactory to the democratic nations might have attained power.

The fact that we condemned British and American policy in this area, though, does not justify in any way the Soviet in ignoring a properly constituted united nations agency. If nations are members of the united nations, then they should fulfil the obligations that flow from that membership. One of the obligations is that they co-operate with commissions and organizations set up to do things which are necessary in connection with the welfare and peace of the world.

A few minutes ago I criticized our government's policy in regard to China. But looking at the other side of the picture, in Korea the Soviet union has refused the united nations commission entry into its zone. It has refused co-operation in the holding of elections under united nations supervision; but instead, it is busily setting up a puppet government for all Korea in its own zone.

We criticized the failure of the western powers to encourage the demand of the German people for social ownership in the industrial areas of that country; but, in the eastern zone, Soviet forces have successfully destroyed the social democratic party by forcing its fusion with the communists, and Germany is divided into two parts.

Then, of course, there is unreasonable use of the veto in the security council, a veto which Canada, in common with other nations assembled at San Francisco accepted on the distinct understanding that it would be used only in very exceptional circumstances. This use of the veto has been abused on a number of occasions. Then, delay in agreeing to discussions for establishing an international

police force has certainly not improved the situation. I remember that in 1946 when we met at Lake Success, and when the Secretary of State for External Affairs spoke on behalf of the Canadian delegation; the immediate establishment of such a force was the principal request made by Canada at that time. I hope that on every possible occasion—and now that we are represented on the security council, those occasions will arise more frequently—our representatives will urge the establishment of that international body for the prevention of aggression and for the disciplining of those who wantonly attack others. If we had such an organization at the present time the picture with regard to Palestine might be transformed.

Then, boycotting of the little assembly by the Soviet union; its opposition to any effective international control of atomic energy—all these have added to the dangerous situation which has developed in our international relations over the last two or three months.

The C.C.F. believes that Canada should resist any attempt by the forces of communism or those of monopoly capitalism, or fascism, to dominate the world. For our part we shall continue to fight against totalitarianism and dictatorships of every kind, whether they come from the so-called communist left or from the fascist or capitalist right.

We believe sincerely that Canada must participate in the defence of freedom and democracy everywhere; but we say that neither communism nor totalitarian forces in any form will be stopped by denunciation and warlike propaganda. The best defence of democracy lies in the establishment of social and economic justice, and in respect for those fundamental human freedoms which are the basis of our own democratic way of life. As the minister said this afternoon, whether we happen to be members of the Progressive Conservative, the Liberal, the C.C.F., the Social Credit or any other party, we all live under these democratic institutions. And any party or anyone who denies the principles of the fundamental rights of human freedom is not a democrat in the sense in which that term is used in our society.

The blind fear of another world war must not replace proper action to provide the hungry world with bread, freedom and the right of all peoples to control their own destinies. I say that these should be some of the aims, indeed the principal aims, of Canada's external policy.

I well remember, and I am sure the hon. member for Peel (Mr. Graydon) will remember, how, when we were setting up the economic and social council at San Francisco, again and again it was emphasized that if we wished to establish peace in the world the people of the world must be fed. Prior to the war—the situation is worse since—about half the people in the world did not know what it was from day to day, every day of every week of every month of every year, to be guaranteed a full stomach, to be guaranteed the bread they needed in order to sustain life.

So, then, because of the urgent necessity for the achievement of these humanitarian policies, we must not allow the recovery of Europe to be hampered by the failure of the great powers to reach a basis for a peace settlement with Germany and Austria. We know that, prior to the war, German industry was vital to the economic health of Europe and the world. Divided into two parts, that country remains a danger to world peace. We know that every effort must be made to reconstruct the economies of the defeated countries in a manner that will make possible both the immediate improvement in living standards and the eventual unification of Germany as a democratic state.

The industries of the Ruhr which are vital to the welfare of the whole of Europe we believe should be placed under public ownership and under international control, so that the resources of the Ruhr may be used for the welfare of all Europe, including Germany itself. May I say in passing it is not my own thought that Germany should be allowed to rebuild her heavy industries so that she might become a threat to the future peace of the world. I said they should be under international control.

The present deadlock among the foreign ministers must be ended, even if Canada and other smaller powers have to ask that the united nations call a special peace conference for the purpose of achieving a settlement. It seems to me that the group of nations that are not of the five great powers cannot allow this matter to drag along and they should endeavour to call a peace conference to make a peace settlement with Germany and with Austria as soon as possible.

My time does not permit me to deal at any length with Japan, but I believe that Canada should press for early action in the drafting of a peace treaty with Japan. I agree wholeheartedly with the minister of external affairs who said this afternoon that Japan should not be rebuilt in such a manner that she may again become a menace to the orient and the rest of the world.

I should like to say a few words about Palestine. The right hon. gentleman dealt this afternoon with the problem of Palestine. This vexed question is before us once again. Canada

in common with a majority of the nations, supported partition of the country on a political basis with economic union. The long and exhaustive inquiry into the conditions in that distressed country resulted in the considered opinion of the nations, taken democratically in the assembly and by the requisite majority, that the settlement suggested by the Palestine commission was the only one which seemed to offer any hope of a solution of the problem. So Canada quite properly supported it.

It was obvious from the beginning that extremists, both Arab and Jewish, had brought about a situation in which the use of united nations forces would be necessary in order to prevent more bloodshed when the British mandate ended on May 15, particularly when the British removed the last of their troops as they intend to do before August 1 of this year. I think we can all understand and sympathize with the present position of the British government; this position is understandable. The people of the United Kingdom will not tolerate a further loss of British lives in a single-handed attempt to preserve order in Palestine. I think that is the position of the British people and no democratic government can gainsay what the people want to do.

Obviously, when partition was decided upon and the forthright statement of the British authorities made, that come what may they would relinquish their responsibilities on May 15, the united nations should have made immediate arrangements for the protection of human life and property while the decision of the assembly was being carried out. That has not been done. An international police force was not established and no other steps have been taken to fill the gap. Here we are on April 29 facing a condition which may not only bring about within two weeks bloodshed and devastation in Palestine but may create an international situation fraught with grave dangers to us all.

I think the United States must bear considerable blame—that is not often said, but I think it should be said—for the situation which has developed. She has recently proposed a trustee system, but as far as I am aware she has not offered any definite proposals as to how this trustee system should be set up or what the plan of trusteeship may be. In our opinion —here again I am going to agree with the minister of external affairs—Canada, which played such an important part in bringing about the agreement last autumn, should in the meantime continue to support the plan adopted by the assembly. It was the only plan that seemed to be at all feasible last autumn, and it was approved by the assembly itself.

We should urge the United States to place immediately before the united nations its own plan for the settlement of the difficulties which have arisen in Palestine. If that were done I take it that our great neighbour to the south would then be obligated to participate fully in carrying out any plan which she herself suggested. Having proposed trusteeship, in our view it is the obligation of the United States, as I have said, to place clear and definite proposals before the present assembly and to take a leading part in carrying out whatever may be the decision of the united nations. In other words, I agree with the general viewpoint expressed by the minister in this regard this afternoon—a position of anxious expectation, awaiting definite proposals.

These are some of the great problems that face us at the present time. If I may just refer again to Palestine, we think Canada too should support—if I may emphasize this—the decision of the united nations and at the same time press the security council, of which we are a member, or the assembly, of which we are also a member, for adequate means to prevent further bloodshed in Palestine. To allow the situation to drift would bring distrust of the united nations itself and run the risk of a grave international crisis, the result of which may bring widespread suffering and distress to millions throughout the world.

I see that my time has expired, but before I sit down I want to say that the suggestions which I have placed before the house and the discussion on foreign policy which I have made is not only the viewpoint I hold myself; it is the viewpoint of the party for which I speak. I may say that I went over my rather extensive notes with my colleagues yesterday. So I want it to be known that I believe I speak, not only for myself, but for the movement which we represent.

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I listened with great interest to the address presented to the house this afternoon by the Secretary of State for External Affairs (Mr. St. Laurent). I want to compliment him most sincerely on what I consider to be a great effort. I believe the declaration he made this afternoon will go down in history as one of the great declarations on foreign policy made in this country. Of course that does not mean that I agree with everything that was said and I am sure the minister would not expect that much of all of us. But if I do disagree with some things

it is more the things which he did not say than the things which he did put before us today.

The world situation as revealed by the minister this afternoon, and as one reads about it and watches its kaleidoscopic changes, is certainly one to sober the most frivolous of Canadians. The developments since the summer of 1945 I think can best be described in a general way as a serious deterioration. In many respects the people of the world are abiding in an atmosphere which is somewhat similar in some respects to that which covered the earth in 1938, with the added fear today that stems from the fact that this is the atomic age. Certainly we of this day are groping in confusion and uncertainty; and one is led to ask, where is the brave new world that we were told some years ago we were sacrificing and fighting for during the years from 1939 to 1945, and which was held out to the peoples in the western world to obtain from them an all-out effort against the totalitarian aggressors?

The report of the Prime Minister (Mr. Mackenzie King), after his visit to Europe last autumn, and the speech we heard from the Secretary of State for External Affairs this afternoon have served finally to dispel any illusions at any rate that I might have had that we had even caught hold of the tail of that so-called brave new world.

It is just as well, I think, to take account of some of the things that world war II did to mankind. Nobody won that war. Nobody ever wins a war. Every nation emerged from it materially and physically weakened and, in my judgment, with a considerable decline in the standards of morality and of decency. I suppose that such a result was to be expected as a natural consequence of the training which millions of men from all nations had to be given in the arts of carnage and destruction if they were to win over other millions who were extremely well trained in cruel brutality and complete disregard of human life and suffering. Millions from many nations simply cannot emerge from such training and such activities without some adverse effect upon the general will to resist evil. That, Mr. Speaker, was one of the results or adverse effects that emerged from world war II that I wanted to mention.

Out of that same war, as has already been said, some of the nations emerged all but completely destroyed as great powers. England's vitality was seriously sapped until she could no longer take the initiative in world movements for recovery. Germany was and still is prostrate; France was neutralized, or better, paralysed; Italy had become completely a dependent country. On the other hand

Russia, under the impetus of war and military necessity, discovered sources of new strength and suddenly she became very aggressive. The will to resist her aggression seems to have been dead for two long years and, as a consequence, much of Europe has already fallen to communism. I need only mention Poland, Yugoslavia, Bulgaria, Roumania, and lately Czechoslovakia, which have become satellite states. It has now become clear to all of us, as the minister so well said this afternoon, that Russia aims at European and Asiatic domination at least, and most likely world domination, for she is convinced that communism and capitalistic enterprise cannot long face each other without armed conflict and without one completely destroying the other.

The picture is by no means complete without mention of the United States and a group of small nations all of which emerged from the war greatly strengthened in some respects, although most of them were materially and physically weakened. The United States demonstrated during the war what free capitalistic enterprise can do in an emergency. Without the immense production from that country and from Britain and Canada, Russia would probably have fallen to Germany's military might. It is now known that most of the time that Russia was receiving help from both Britain and the United States she was plotting her post-war drive for world domination at the end of the war. The initiative or leadership in sponsoring world recovery passed to the United States, and she has become the natural leader of the free democratic nations, at least in the sense that most of the remaining free nations look to her because of her very great industrial power, her very large population, her immense wealth and because of her expressed determination to preserve freedom of enterprise and all the other freedoms.

But our good neighbour to the south also came out of that war ambitious, money-proud, and more materialistic, and with an increase in that spirit of self-interest which was mentioned by the hon. member for Stanstead (Mr. Hackett) this afternoon.

Today the world is divided into two camps, each with its mighty champion: Russia in the east, and the United States in the west. How long they can face each other without armed conflict I suppose no one can say. I am not one of those who believe that war is inevitable. I believe that war can be avoided, but I will say, sir, I am convinced that the only way we can avoid a conflict is for the remaining free nations to band themselves together and thus provide a preponderance of united economic, moral and material strength to

prevent further aggression by any totalitarian state or any group of totalitarian states. At the same time I am convinced that we must revitalize and rehabilitate democracy by removing social injustice just as fast as we possibly can and by extending opportunities for our peoples to find for themselves contentment and happiness in real freedom. Only in that way can we demonstrate the superiority of the democratic way of life over the communist way of life.

The world picture is not complete without some mention of another force at work in the societies of the world. The minister did not mention it this afternoon, and I hardly expected him to. I do not believe he is convinced that this force exists, but there are a good many people who are thoroughly convinced that it exists. I am one of those who are convinced of the existence of a group of men, some three or four hundred in number, certainly not less, perhaps more, most of them internationalists and strong advocates of internationalism, who control vast sources of wealth. By means of alliances, interlocking directorates, and machinations of one kind and another they are fast gaining control of the money of the globe.

This is what we in this group have often referred to as world or international finance. It is a tyrannical force just as dangerous and as anti-social as communism. Its tools are imperialism in one form or another, and centralization, which finds its ultimate expression in international cartels. It aims—I speak of international finance—to get control of the economies of the globe. The members of this ring have influence with governments out of all proportion to their numbers, and they are the only beneficiaries of war, which makes it a serious consideration for all mankind.

It seems to me, therefore, that freedom-loving people are faced with two unrighteous forces working for their enslavement—international finance on the one hand, and international communism on the other, the latter proposing to control the people of the globe and to use as its tool the workingman, the proletariat.

The aim of both these forces, international communism and international finance, is power—power over the world. There are many keen students of the whole situation who see behind the scenes co-operation of these two forces. Is it possible that finance and communism, having destroyed the axis powers, having operated quite openly together for a time, and having at last divided the entire world of power into two tremendous conflicting camps, have now reached the parting of the ways? I wonder. Is it possible that now, facing each other, the one is determined to crush the other, the other to crush the one? I confess Mr. Speaker, I do not know. Certainly there is evidence to support an affirmative answer, and that is one reason why I mention this matter tonight. That is one reason why we must see to it that men and women are put into offices of authority who will get the evidence and give it to the people—conclusive evidence one way or the other.

If we Social Crediters are wrong, for goodness sake come out and show us that we are wrong.

Mr. COTE (Matapedia-Matane): It is easy, very easy.

Mr. LOW: I am looking, Mr. Speaker, to the hon. member who said it is easy to get up on his two feet in this house and show us.

Mr. COTE (Matapedia-Matane): I shall.

Mr. LOW: A witness of some authority—I could quote any number but I have not the time tonight—has presented evidence. Upton Close in his weekly "Closer Ups" for August 5, 1946, had this to say:

> Some of my readers have been unable to understand my reference to a new school of big capitalist-communism growing up in America and Britain. It is the same school which, when the time comes, will take us into war with Russia, so that out of the wreckage it can make its group dictators of the round earth.

I do not say that I know the answer, not by any means, but I am convinced that we are in danger from international financial power-hungry men, just as much as we are in danger from international communism. Let us, therefore, not become so preoccupied with the one, international communism, that we fail to prepare our defences and our effective offensive against the other force. I feel that there is danger that we are doing that very thing.

I turn now to another phase of the whole question of international policy, or foreign policy, the question of building a foreign policy for Canada.

As the minister said this afternoon. and said so well, an international policy is a thing of many phases and many aspects. There is defence; there is the question of trade; there is the question of international co-operation, and it even extends into the field of international toleration—all these things. But I say, sir, just briefly, that there are at least two ways of planning any aspect of foreign policy.

In the first place, we might decide what we want and work out a plan of achieving it or

implementing it, and then announce or publicize it. That is one way. The second way is to announce the plan first and then improvise ways and means of implementing it as you go along.

The United States seems to have followed the latter method, announcing a policy and then improvising means of implementing it as it goes along. What has been the result? Well, it looks to me as though the United States has got herself into a real jam. Not only that, but she has caused the united nations to lose much of what prestige it did have in the world.

In the past few years Canada has, I think, allowed herself to be too much influenced by the policies of the United States of America. Moreover, I think we have been too hasty in committing Canada before the people have been made familiar with what our policy really is. We ought to be much more careful about this in the future. The people of Canada should know where we are headed and, further, they should have a right good idea of the price they will have to pay for the external policies pursued by their government.

I maintain that the people have not been made aware of the price which they will have to pay for the policies to which we have been committed by this government since 1945. In my opinion it is unsafe for us to follow too much the lead of the United States. I say this for various reasons and I will cite just two or three.

In the first place, the United States is a rank amateur in foreign relations. For a good many years the United States refused to take its place in the world community of nations, practising an isolationism in which it was trained in self-interest. And since it is a rank amateur, I would hesitate very much to follow the lead of the United States until she has gained much more experience and has attained much greater stability in international relations.

There is a second reason which I think I have already mentioned, international finance. With the outbreak of world war II, Wall Street suddenly became the headquarters of practically the whole ring of international financiers. That is their headquarters today. I do not cast suspicion on the United States of America when I say what I am saying. I have great respect for our neighbours to the south. I have great love and respect for those people. My own parents came from the United States of America. But when I speak of Wall Street as being the headquarters of the international gang who are plotting, I believe, without any question in my mind, to control the finances of the world, I say we must keep our eye on Wall Street. The very fact that international finance has its headquarters in New York would lead almost any student to suspect that the men who control the international exchanges would attempt unduly to influence the government of the country in which they live. I say we should either confirm or remove completely the suspicion that Wall Street is today the head of this international gang.

Mr. COTE (Matapedia-Matane): How?

Mr. LOW: I say that we must keep our eye on Wall Street.

Mr. COTE (Matapedia-Matane): How are we to do that?

Mr. LOW: The third reason why I would hesitate to follow the United States in formulating external policies is this. I have been reading lately of the revelations concerning the agreements at Yalta and Teheran. I do not like to speak disrespectfully of any man who has stood at the head of a nation, but I am prepared to say that the United States made a deal with Russia at Yalta which resulted in the crucifixion of a great country, Poland.

Mr. CAOUETTE: Hear, hear.

Mr. COTE (Matapedia-Matane): Explain.

Mr. LOW: The hon. member would not understand even if I explained.

Mr. CAOUETTE: Hear, hear. That is right.

Mr. LOW: All the facts concerning the agreements which were made at Yalta and Teheran are just now coming to light. Poland and its crucifixion must now be looked upon as the gift which the United States was prepared to give in order to pacify the very power that is today attempting to cut the throats of United States, Canada—

Mr. COTE (Matapedia-Matane): The hon. member would have done better than Roosevelt, would he?

Mr. LOW: —and of every other free nation.

The ACTING SPEAKER (Mr. Golding): Order.

Mr. LOW: I hope and pray, Mr. Speaker, that some time the world will witness the resurrection of Poland, and the other nations which have been sacrificed to communism, and that the United States, Canada and Britain—all of whom must bear some responsibility for that terrible thing—will repent and take their part in seeing to it that the resurrection of these countries is complete.

I should now just like to say a few words about my experience at the united nations assembly. I was deeply grateful for the opportunity of going to Lake Success. I personally complimented the Secretary of State for External Affairs on the adoption of the new policy which made it possible for members of opposition parties to go to the united nations assembly as advisers, free to speak their minds there, here or elsewhere.

Mr. CAMPBELL: Did they take your advice?

Mr. LOW: I took their advice.

Mr. CAMPBELL: I asked, did they take your advice?

Mr. LOW: No, I am afraid not.

Mr. COTE (Matapedia-Matane): Fortunately they did not.

Mr. LOW: I will attempt to show that it was not so fortunate, as events have turned out. As I say, I was grateful for that opportunity. I tried to do my best while I was there. For nearly a month I attended practically every session, and I was deeply interested in watching this moving drama on the world stage. It was interesting. Sometimes I found it most depressing. I watched the work for a month, and I saw there what made me feel depressed, namely a display of extremely ill-temper. I noted, sir, a serious decline in manners and in humour. As a matter of fact, I did not see much display of that commodity in the whole time I was there. I noted particularly that day after day, in some of these committee debates or discussions, free discussion amongst men degenerated into debate by—what shall I say? These people certainly departed from logic and reason, and it seemed to me that they entered into debate by studied insult. I was happy to note, however, that the democratic nations used great restraint and patience. Our representatives followed that course. I want to compliment them on the way in which they conducted themselves in that regard. Insult and the departure in debate from logic and reason were the means followed by the totalitarian states, led by Russia. Vishinsky, Gromyko, Doctor Bebler of Yugoslavia and others used that style, and they were the only ones who did so; it was somewhat depressing. But it was a measure of great satisfaction to me to note, as I say, the patience, good judgment and restraint used by the democratic nations.

I saw the assembly used by the satellites of Russia as a propaganda body. That was one reason why I believe Russia was anxious to see the headquarters of the united nations established in the United States. I could not escape the feeling that Russia supported the idea of having the united nations headquarters in the United States and the sessions of the last assembly held at Lake Success, because they knew that there was a free press there which was willing and anxious to publicize every single thing these fellows had to say—

Mr. GAUTHIER (Portneuf): That is right.

Mr. LOW: —that they had freedom of speech and could say anything they liked, which was something they could not do in their own country. The people of the United States, big-hearted as they are, were naive enough to play up Vishinsky, Gromyko and these others, putting what they said in headlines in the biggest type they could get and spreading that over the country far and wide, with every radio blaring forth the full measure of this propaganda. I recall that, after Vishinsky made his first vituperative speech, one of the Russian delegates told us at a reception that Vishinsky received thousands of telegrams, letters and cables from people in the United States complimenting him on the stand he took when he called certain people—he named a good many people in the United States, put the spotlight on them—warmongers. The Russians knew what they were doing when they supported the establishment of the headquarters of the united nations assembly in New York. I say, Mr. Speaker, that it would have been the smartest possible move for the nations of the world to have established the headquarters of the united nations as near as they could get it to the Russian boundary.

Mr. BURTON: They would not have the free press.

Mr. COTE (Matapedia-Matane): Why?

An hon. MEMBER: Send him to school.

Mr. LOW: Yes. I think we had better send him to school.

At times, Mr. Speaker, as I witnessed the interplay of those forces at the united nations, I was led to feel just what Doctor Evatt of Australia so well expressed when he said, "There is a danger that the united nations is becoming all harness and no horse". However I did see a useful purpose. The assembly was certainly a sounding-board for world opinion, if it were used for that purpose; but all too frequently it was used for airing purely national politics, or for propaganda.

While I was there I attended most of the sessions of the Palestine committee, and I should like to say just a few words about the Palestine situation. I hope I may be able to deal with it objectively and fairly, because

certainly I am not a partisan with respect to any of the parties concerned in the affairs of that most unfortunate country. I thought it was a marvellous debate. For the first time in history, as far as I know, the best debaters on that subject in the world met together in a body where they were unfettered, where they were free to speak without fear of unfair criticism or the smear that is all too often used in such cases when men differ one with another. I believe practically all the facts concerning that whole problem were brought before the world in those debates. After listening to the debates for about a month, up to what I thought was the rather weak declaration made by Mr. Herschel Johnson, when he declared the position of the United States after stalling for weeks to work up enough courage to do so, I came to the conclusion that the advocates of partition had failed to make out a case sufficiently strong to warrant a recommendation going to the security council for partition. I thought by far the stronger case was made by those who opposed it; and I am not speaking now of the Arabs alone. I refer to the delegates from India, from China and from several other countries whose contributions I thought were outstanding.

Well, eventually, after following all that was said, I concluded it would be wise for me to advise the delegation that I thought they should not vote for partition. I did so, and I believe I was right. It was not because I felt the Jews should not have a national home. No. I believe with all my heart that the Jewish people are entitled to a place where they can live their lives and develop their culture as they desire. I have never deviated from that belief for the last twenty years. But I thought partition was not the answer at this time.

Mr. COTE (Matapedia-Matane): Why?

Mr. LOW: The Canadian delegation say they voted for the lesser of two evils. I am afraid I must contend that they were unduly influenced by the United States, and by the fact that the report of the Palestine committee was very largely the work of an eminent Canadian, Mr. Justice Rand. So I suppose it is only natural that they should say, "Well, what other course could we have taken?"

To answer that question I shall need just a few moments. It seems to me it must have been obvious to anyone who studied the whole history of Palestine that promises had been made to both Arabs and Jews in years past and at various times, which made it impossible to partition Palestine without doing grave injustice to one side or the other. In 1915 General MacMahon, in the name of the British government, did make a pledge to the Arabs in a bid for their support in the war against the Turks. In 1917, it is true, the Balfour declaration by Great Britain promised the Jews a national home and lifted the hopes of the Jewish people that in due course they would be able to return to that land, develop their own culture and live at peace. But I ask any fair-minded man: How in the world could the Balfour declaration be implemented if the promise to the Arabs were implemented also? Obviously it was an impossibility; and that being the case, a national home for the Jewish people could not be set up in Palestine without doing injustice to the Arab people.

Mr. COTE (Matapedia-Matane): A greater statesman than Balfour!

Mr. LOW: There was another point. Very early in the game the Canadian delegation could have taken this stand: "We do not think the time is ripe to establish a Jewish national state. Some time it may be, but what is the rush? We feel that the wisest course would be to establish what is right and just and righteous, and then try to find means of working it out."

Then it seems to me that Canada was neglectful of her duty some years ago when, at the height of Britain's troubles in administering the affairs of Palestine, the United States entered into what was to it the ancient and honourable game of "twisting the lion's tail." Almost immediately after the first great war, after Britain was given the mandate over Palestine, criticism began to emanate from the United States, aimed at undermining Britain and making it difficult for her to do the job. That continued and increased in force and frequency as the years went by, particularly after the issuance of the white paper in 1939, which for a time abrogated the Balfour declaration, and temporarily put a stop to the immigration of Jewish people into Palestine. Almost immediately thereafter, while Britain's hands were full, conducting a great war, that criticism continued. Terrorism started, and it was not confined to one side. In some respects the Arabs were just as guilty as the Jews in this regard. Terrorism and aggression and force were used. But in the United States high officials, including even the President, criticized; and their criticism of Britain was anything but fair and just under the circumstances.

It seems to me that this is what Canada should have done at that time. Canada should have stepped forward and stood

shoulder to shoulder with Britain, declaring to the world that she would help Britain resist the attempt to undermine her. We failed Britain then.

The ACTING SPEAKER (Mr. Golding): I would call the attention of the hon. member to the fact that his time has expired.

Mr. LOW: May I have another moment or two?

Some hon. MEMBERS: Go on.

Mr. LOW: Canada should have declared to the world that so long as Great Britain was trying her best to exercise the mandate, and to discharge her responsibilities under it, Canada would stand beside her. We said nothing.

Mr. COTE (Matapedia-Matane): Hear, hear.

Mr. LOW: Our silence may have been interpreted in various ways. It may have been interpreted—not by my hon. friend, of course, who keeps on interrupting; he could not interpret anything.

Mr. COTE (Matapedia-Matane): You will find that out later.

Mr. LOW: It might have been interpreted as a tacit agreement on the part of Canada that the criticism of the United States was correct. At any rate Great Britain's prestige was weakened. The criticism coming from the United States encouraged lawlessness in Palestine, and undermined the authority of the mandatory power.

It seems to me that Canada at the united nations could have taken this position, and I so advocated. One of the major complicating factors in the whole Palestine problem was the refugee situation in Europe. I think Canada should have declared that the Palestine problem could have been reduced to much more manageable proportions had the first step been to strengthen the work of the international refugee organization to the point where that refugee problem was first solved.

The approximately one million people within the refugee camps in Europe should have been taken care of. China said—and may I say I was much touched by the attitude China displayed—"For many years we have had in the midst of China a thriving Jewish community that has been free to develop its culture as it wished, without molestation from us. They have contributed much to that community. We have given refuge to a great many Jews who were persecuted at the beginning of the Hitlerian regime. We are prepared to take our share of those people in the refugee camps; and we call upon all nations to declare themselves likewise."

There was too much tendency in the propaganda emanating from various sources in the world to treat the refugee problem as an exclusively Jewish problem. The refugee problem was not an exclusively Jewish problem, because there were only about 200,000 Jews in those internment camps. The remainder were Europeans of various nationalities.

I say that if the united nations assembly had first tackled that problem it would have made it possible to reduce the pressure on the Palestine problem to a point where I believe it could have been managed much more efficiently than it was. And surely that great human problem of the refugees—a million of them, languishing behind the fences of those camps—is a sore blot on the humanitarian feelings and aspects of the various peoples of the nations of the world. Until such time as those people are given a home, and until Canada takes her share, and until the United States takes her share, I am afraid we shall not be able to lift our heads without shame.

India declared that she would take her share of them. I am going to close with this thought—

Mr. COTE (Matapedia-Matane): Hear, hear.

Mr. LOW: —that Great Britain could have been prevailed upon to remain in Palestine.

Mr. HARTT: Do not coax her.

Mr. LOW: I should say not now. But I am sure that Great Britain could have been prevailed upon to remain, had she felt that she had the support of the western powers in the discharge of the onerous duties of her mandate. I am satisfied she would not have announced her early withdrawal. I think Canada should have supported her. I think Canada should have called for united action in suppressing terrorism and acts of violence in Palestine, and in asking Great Britain to remain there for a period of years, and to have assured her united assistance in the discharge of her duties. And finally, at the end of a few years of peaceful living in that unhappy land, the logical thing to do, if we were to abide by the spirit of the united nations charter, as expressed in the preamble, would have been to extend to the people of Palestine the right of self-determination.

If that had been done I believe it would not have been long until the faith of those who believed in the return of the Jews to Palestine could have been justified. Where was the faith, let us say, of the Jews? Where was the

faith that they had when, with Moses, they looked upon the supposedly uncrossable waters of the Red sea? Did they have a Stern gang then? Did they have an Irgun Zvai Leumi?

Mr. HARTT: We waited two thousand years and it did not work out.

Mr. LOW: I agree, and I sympathize very much with the hon. member.

Mr. HARTT: Do you? Don't send me flowers.

Mr. LOW: I sympathize much with the hon. member; but nothing can justify the use of force and terrorism. And I am going to say, in conclusion, that the Jewish people and the Arab people, both of them, lose the sympathy of the western nations through their terrorism and their acts of violence.

A Gallup poll was conducted in Canada on February 7, 1948—

Mr. HARTT: Keep your sympathy and give us Palestine.

Mr. LOW: Might I be permitted to quote this one reference?

Some hon. MEMBERS: Go ahead.

Mr. COTE (Matapedia-Matane): Proceed.

Mr. LOW: This question was asked in the poll taken in February 1948: when you hear on the radio anything about the dispute between the Arabs and the Jews in Palestine, do you find yourself sympathizing more with one side than the other? The replies showed that 58 per cent had no particular sympathies; 23 per cent had sympathies with the Arabs, and 19 per cent with the Jews. Why? Western peoples do not condone acts of violence.

The welfare of the Jews is bound up with the western powers, not with the eastern powers. The western powers have been their friends; Great Britain has been the greatest friend the Jews have ever had; and it should be their faith that, given time and support, Great Britain would do full justice to and by them.

Mr. COTE (Matapedia-Matane): Mr. Smith from the United States would be very proud of you.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, I have never attended any meeting at Lake Success; but, listening to the two last speakers, I had the impression of attending a meeting of the united nations.

I listened with pencil in hand to the speech of the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of the C.C.F. Afterwards I had to put my notes in order. But unfortunately I could not listen with pencil in hand when the leader of the Social Credit group (Mr. Low) was speaking. In the speech of the hon. member for Rosetown-Biggar there are some rays of hope, because he said this: "Even in these disturbing times there is no reason why war should be imminent or inevitable." This I like. I find it comforting, and an oasis of hope in a desert of distress.

He spoke also of close economic co-operation, which was not to be regarded as a military alliance for war. This is evident, provided that the economic co-operation is not so close as to strangle one. In the third place, he mentioned an attempt at democratic reconstruction to establish a strong democratic political force. This is a fine phrase; I do not know exactly what it means, but it sounds quite good. In all that he said there was not a single word of praise for the united nations. I listened to the leader of the Social Credit party and there was not one word of praise for the united nations. I hope I am not misquoting anyone when I say that.

Unfortunately I had to leave during the able speech of the minister of external affairs. All that he mentioned that was good was the establishment of three new states in the British empire or commonwealth; Ceylon, Pakistan and India. That was all. What did the C.C.F. leader praise about the accomplishments of the united nations in three years? Nothing. What did the hon. member for Stanstead (Mr. Hackett) praise? I do not know. I do not assume that he went any farther because, when I came back to the chamber, he looked very sad about the accomplishments of the united nations. For three years we have had discussions about the united nations. Everybody went to San Francisco; everybody went all over the world, and there were delegations of members of parliament who went to see the wise men and decide the future of the world. Nothing good has been accomplished apparently because no praise has been given.

The same thing happened in connection with the imperial conferences of 1926, 1930, et cetera. The leader of the C.C.F. group made wishes. It is most extraordinary that at the imperial conferences before and after 1930 all that was done by the delegates was to express wishes. They met together and they made wishes. The C.C.F. leader made wishes about the control of atomic energy and the defence of freedom and democracy everywhere.

That is a nice phrase; it sounds good but it means nothing. He spoke of fundamental

human rights. I was born with the idea that the man who lives within the law has certain rights. Apparently the hon. member is for the defence of fundamental human rights. What are those rights? He did not enumerate them. It is not in Canada that we are deprived of human rights to any large extent that we have to form a union of all the nations in order to protect our fundamental rights. It is in the larger nations like Russia and its satellites where these rights are affected.

How are we to go about having these rights respected in Russia? There are two ways we can do so. First, we can discuss it with Russia or, second, we can go to war with Russia and impose our way of life on Russia just the same as General MacArthur is imposing it on Japan which is ready to accept that point of view. He is making himself the defender of such actions. I ask the hon. gentleman if this can be done by means other than conciliation, discussion and compromise, on the one hand, or on the other, by the use of weapons, the going to war in order to humiliate a country and to impose our will on it?

We have an example in Japan. Shall we go to war with Russia? We must be logical. If we are to impose these ideas on a country which denies them, the only thing to do is to go to war with that country. The hon. gentleman—when I say "hon. gentleman" I refer to the leader of the C.C.F. group—said that Russia and the United States had emerged from the war as the giants of our time. That is quite true. But that leaves the British empire behind. The two giants are Russia and the United States; the British empire is behind. The hon. member did not say that, but when he referred to two giants he did not mean three.

Then he complained of the division of spheres of influence at Teheran, Yalta and Potsdam. He was not as precise and definite as the leader of the Social Credit group, but he complained of the secret treaties entered into by the three big powers, the United States, Russia and Great Britain at those three places. President Roosevelt attended the first two conferences while President Truman attended the other.

Then he said that the great powers have set aside the agreements which were made during the war. There were two kinds of agreements made by the big powers, the public agreements which were not respected and the secret agreements which were respected. The secret agreements entered into at Teheran, Yalta and Potsdam were put into force while the Atlantic charter was set aside.

He said that we had condoned the annexation of the Baltic republics, and of Poland. What about the Balkans? If I am not mistaken the minister spoke of the Balkans and of Czechoslovakia. But this is continuing to blame the united nations, although he said that everything that had been done by the united nations was not to be praised.

He concluded rather illogically by sponsoring the relinquishment of an out-moded national sovereignty. He is a citizen of the world, and he thinks that national sovereignty is out-moded, that the abandonment of our national sovereignty will bring us a premium in the way of an extension of our powers into the affairs of the world at large. Our reward for abandoning our sovereignty will be that we shall have a wider scope in interesting ourselves in the affairs of other countries, and perhaps we shall do just as well as the great powers have done. However, we have no policy.

There is no difference between Ukrainia and Canada except that Ukrainia is under Moscow and Canada is under London. It is the same thing except that they are on opposite sides. We beat the drum and continue under the illusion that we are running the world. I am sad about it. We should have more of a sense of reality, more of a sense of proportion and a little more imagination.

This is not all that the leader of the C.C.F. said. He said that the members of the united nations should co-operate in the united nations set-up. That is evident and I agree with him. Then he said that political freedom and liberty have been completely extinguished in countries under communist governments. That is also true. We should not forget that Russia would be one of the big powers that would rule us if we abandoned our sovereignty. We shall be governed much more by Russia than by Patagonia and Pakistan; Russia will have much more to say in the government of this country, and like all the countries that are under the domination of Russia and have no fundamental rights, as he called them, we shall be exposed to trouble. He complained again—it was his perpetual complaint—of what the united nations has done ever since its beginning. He complained of the reactionary elements in Greece and China and Spain, and he said that we had not protested against the reactionary elements in Greece or against the mandarins of China, and that we should have a strong democratic policy in that respect; Canada has given diplomatic status to gentlemen going to China to help them; China, one of the great powers in the world today, is still at war; Spain is in a class by itself.

He also spoke unfavourably of the stand of the united nations in Korea and of the zones in Germany, and of the veto which Canada had expected to be used only in exceptional cases. He admitted that Canada had accepted the veto, but realized that it was a dangerous thing and was to be used only in exceptional cases. He was not satisfied with that. He wants to have an international police force. Who would command it? Is it possible that the united nations who are so disunited that they do not agree on a single thing could agree over the command of an international police force? It is impossible.

Then he spoke about Palestine and was not satisfied with what has happened there. He said the United States could be blamed considerably for what had happened in Palestine. He said Canada should urge the United States to place its own plan before the united nations.

He also spoke of the deadlock in the foreign ministers' conference and said that it should be ended. It is a bad picture. He said that we should have a peace front to make a peace settlement. He spoke very nicely. He has a pleasant voice and the gift of speech, but his speech did not stand up. For instance, he spoke of the right of all nations to decide their own domestic policy—

An hon. MEMBER: No.

Mr. POULIOT: Yes, here are his words: "the right of all nations to decide their own domestic policy." Yet he favoured the abandonment of our national sovereignty. What logic is there in that? He wants to put us under UNO, where we shall be unable to decide our own domestic policy, and where we shall be ruled by the big powers of Russia, China, the United States and Great Britain. Where is the logic in that?

But he was still more illogical when he spoke of the European recovery program. He said that the nazi regime and the war had scuttled capital ownership, or capitalism—I am not sure just which was the word he used but it was one of them—as we have known them, and that policy, he said, has gone. Having said that he went on to say—and this is the point—that the rehabilitation of western Europe may be a guarantee of future peace. Then, to show how completely illogical he is, he said that the European recovery program is impossible without the generous help of the United States, a capitalist country. He said, on the one hand, that nazism and the war had destroyed capitalism in Europe and that democracy was destroyed, and, on the other, that the only way to re-establish democracy in those countries was to appeal to a capitalist country like the United States. Where is the logic in that

speech of my hon. friend? Even with his musical and charming voice there was nothing to it. It was wind from beginning to end. People listened to it and applauded: What a great speech! What a musical voice! I had the impression of listening to President Roosevelt addressing "My friends."

The leader of the C.C.F. group has the voice of Mr. Roosevelt. I have an old record down home of one of Mr. Roosevelt's speeches. I played it before coming here, and I heard Mr. Roosevelt's voice again tonight; it is the voice of the hon. member. But what a difference! I admire the hon. gentleman. He is one of the greatest debaters in the house. But in Athens there were men who spoke as well as he did tonight. They were great orators, but there was a name for them; they were called sophists, meaning that there was nothing in their arguments.

I have tried to give the impressions of one who listened closely to the speech made by the hon. member. I enjoyed it and I took as much from it as I could.

But now let us go to something else. What will be the future of the world? What do we know about it? What does the opinion of Canada count with the United States, with Russia, with China, even with the United Kingdom? They put us aside at a small table. All those members who have spoken on external affairs have the illusion that the voice of Canada is heard. I have written articles in a big Montreal daily and in a Quebec daily giving my sincere views about the future.

The question at issue is obvious: do we want peace or do we want war? If we want peace, let us try the means to get peace. I am against communism, as a matter of principle, not as a matter of fashion. I am against it because I believe that communism is just deceit, and those who are advocating fundamental rights and liberty are fighting for the protection of the scum of the world and of scoundrels who try to destroy the pillars of the state. That is my honest view about it. As I say, I have written articles which received wide publicity on account of the papers in which they were published, in which I said that it was time for Canada to make her voice heard by the whole world. We have the opportunity. We have our seat on the security council. I believe that the minister of external affairs is a gentleman who has the confidence of the house. He is a member of the government, and in my humble view he should have been at Lake Success all the time to discuss international affairs with the representatives of other nations, in an endeavour to make common sense prevail and to make them understand their responsibilities and to appreciate

the fact that if all the countries of the world continued to threaten one another we would soon have war. God forbid that such a thing should happen.

Far from being for communism, I am opposed to it; but I hope that this generation of young men, to whom the younger members of this house belong, and future generations of young men will be spared the atrocities of a third world war. This is more important than the denunciation of any government, and we must consider the facts with coolness. We must not be frightened by threats of the atomic bomb, by any threats whatever. We must be cool in our consideration of the facts, so that our decision to maintain peace in this world shall not be shaken.

After the heroic sacrifices that Canada made during the last war and since the war in helping other countries of the world, I believe honestly and sincerely that the voice of Canada should be heard, that the voice of Canada should be listened to, even if Canada is alone in preaching the sound doctrine of common sense and of peace to the entire world.

But Canada will not be alone, because there are sound principles of peace which have been enunciated by His Holiness the Pope, when he spoke of charity and justice. Last night I was talking to one of the brightest members of the press gallery, whom I will not name—when I say that, he will not recognize himself because he is too modest—and he said to me that in order to have peace we should have at least a minimum of justice and charity equal to the minimum of justice and charity that exists between the provinces respectively and the dominion so that they remain together. There should be a minimum of justice and charity to maintain peace in the world, and it is precisely because that minimum of justice and charity has not existed that we have trouble, trouble which has been described by all the members who have spoken in the house today and who have referred to the pitiful role of the united nations organization.

It is to be deplored, and there is only one thing for us to do. Since that experiment of world government through the united nations has not been successful, we must go back to the past and try to make our own alliances with other countries, try to build up our defences, try to protect ourselves. Hon. members will see that the policy of the past will prove in the future to be a much sounder policy, a much better policy than that which has been protagonized by the united nations.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I have followed for many years the question of foreign affairs. I did so long before I became a member of this house, and I am surprised that more interest has not been taken in this department of government, since it affects the life, liberty and security of every citizen of the country. With so many universities in the country, there are too many pacifist professors and other people who fail to understand that in days like these might plus right is right.

We are living in the midst of a very dangerous situation. I referred to this the other night, when I asked the question that I am about to put to the house once more: from whom did we derive the freedom and liberty which not only we in this country, but the people throughout the North American continent have enjoyed for the past hundred years? Anyone who is sufficiently fair-minded and who will read attentively the lessons of history, including what great English, American and French historians have had to say, will admit, I believe, that the liberty of which we boast today is a possession which we owe to the mother country. Had not the mother country been mistress of the seas for four centuries, maintaining our liberties against Philip of Spain, Louis XIV, Napoleon and against dictators in world wars twice in our own time, the liberty that we enjoy today would not have been ours.

That agency alone, the supremacy of the motherland on the seas, has protected America's shores. We remember the Holy Alliance on the part of Prussia, Austria and Russia under Alexander the Great, which lasted for eight years, from 1815 to 1823, and we know that Canning studied carefully the situation in Europe, with the result that the United States promulgated what was known as the Monroe Doctrine. What was the Monroe Doctrine in reality, from the year 1815 to the outbreak of the Spanish-American war in 1898? In reality it meant the protection which America, including our country, enjoyed through the supremacy of Britain on the seas. That was the Monroe Doctrine to 1917.

Had it not been for British naval supremacy, we would have been invaded long ago. In 1938 I was almost the only member in the House of Commons who consistently drew attention to the situation that confronted the people of this country. I pointed out that we had no fleet, army or air force at all. A return was brought down in the House of Commons showing that we had a few boats only; the total tonnage was about that of one large 10,000-ton freighter, and there were three or four ships that really could not go to sea. Our navy was small then. They went from

Halifax on an annual trip to the West Indies in the wintertime on a good will trip, and when there was a by-election in Victoria they went into the harbour three or four days before the election took place. The navy made a glorious record in the first and second great wars.

In 1938 we had practically no army, navy or air force. What did we depend upon for our defence? Upon the mother country. The mother country protected our shores from the invader in the last war. There are members of this house, veterans, who appreciate what I am saying. Had it not been for the mother country, Canada would have been invaded, not only in the maritimes but right up the St. Lawrence. As a matter of fact, the enemy did go up the St. Lawrence to a point near Rivière du Loup. I saw the place where they were.

Take the Pacific. When the war broke out in 1939, from Puget sound to the Queen Charlotte islands, a distance of 689 miles, there was no protection except that which was afforded by the British fleet, which had to withdraw owing to events in other parts of the world, in the Mediterranean and the Atlantic.

I believe in paying tribute where tribute is due, and I repeat that, but for that agency, we would have had all the horrors of war on our own soil, not only in the maritime provinces but in Quebec and Ontario and throughout the rest of Canada, and people would have been carted away by the Soviets. We know what happened when the iron curtain came down on Russian satellite countries in Europe. It would have happened in the first and second wars, but for Britain's command of the seas.

When the answer was given in the British House of Commons the other day, the figures were left out. The Navy League gave them away. What have we today? We have a war economy. We are just as close to war at the present moment as we have ever been, if not closer. Russia will strike when she is ready. No matter what we may like, no matter what the people think in Quebec, Ontario, in the maritimes, in the west or in Washington either, Russia will strike when the hour has come. The Russians may strike at this country. It will be a bitter battle. If they repeat what they have done in the twenty-six other small countries of Europe, where they have taken millions of people away to work as slaves, they may do the same thing in Canada also, if they win.

Where is the UNO? Why do they not give out a return and give us some information about the slaves of European Soviet satellites so taken? We have all these gentlemen away down there at Lake Success. I call it Lake Failure. It is the biggest failure we have had. We have had many of these leagues. I referred to one a moment ago, namely the Holy Alliance. We had a second one, about the collapse of which very little is heard. In the reading room I found only one paper which mentioned three lines about the millions of dollars tied up in buildings over at Geneva in Switzerland. It is closed up without any big headlines in the newspapers or publicity over the C.B.C. or anything of that kind.

Having regard to world conditions at the present time, and the dangerous situation prevailing, we have not enough members present. I would call attention to the number of vacancies here in the house tonight. The situation is always the same when external affairs are being discussed. A large number of seats are always vacant. We had a hard time keeping a quorum here last year when this subject of foreign affairs was up for discussion. This is the seventy-third day of the session and this is the first opportunity we have to discuss foreign affairs.

Just look at the figures here. This department is now spending $9,685,942. For what? On foreign affairs. I wish to speak particularly with respect for the present minister, because I know he is serving here at great sacrifice to himself and his family. He is doing so because of his fine spirit and for the good of the country. Anything I have to say tonight is intended as no reflection on him at all. I am just dealing, as in other years, with certain principles. I hope the house will understand that.

I believe everyone is entitled to his view. It is all right to have your own view, the right view and the other fellow's view, but do not forget the other fellow's view. That is the way I have always handled problems in this house and out of it. I have never allowed politics or religion to mix up with friendship. I look upon the House of Commons as a gentlemen's club, and we are supposed to represent our constituents to the best of our ability.

This department's estimates have gone up by leaps and bounds until the figure is now at $9,685,000. They want to keep up with the Joneses, if you please. They seem to think we are a great first-class power.

What did we agree to away down there at San Francisco? A great many people went there. All the parties were represented. That is the greatest mistake the House of Commons has ever made, of wanting a non-partisan debate on foreign affairs. Until recently it was not the practice for selected members from the parties of the House of Commons

to take such a trip I never was one who objected to taking a trip. I myself never had much opportunity to take a trip; in fact, I have never been in the old country. I may say that I am not criticizing any members of the house for taking all the trips they like. This was a magnificent event down at San Francisco. Mr. Churchill agreed to it reluctantly. It was started by the late President Roosevelt to whom I paid a great tribute the other night. But it was a flat failure.

What did we agree to down there? We signed, sealed and delivered our people to doom at the league of nations at Lake Success. What did they agree to down there? They agreed to give the Big Five at San Francisco the veto power, so that one of them could veto everything the others did. Do hon. members understand that? Just fancy the situation—no referee and no umpire! One player can just tell the referee to get out of the grounds, can tell the timekeeper to go home, and say "I am it." Did you ever hear of a game like that? It is a game of hide-and-go-seek and bluff; that is all it ever was. What did they do? They went to work with a lot of these fellows down there. We have some fellows down there—pardon me; we have some hon. gentlemen down there. The hon. member for Winnipeg North Centre (Mr. Knowles) was there. I was glad to see him take a trip over to Russia and talk to Stalin. He embarked on the sea and, as I said the other night, I suggested to the house leader (Mr. Mackenzie) that he should give the member protection. I was afraid that the hon. member for Winnipeg North Centre would not get away from there, and that Stalin might keep him.

I will just say this. These expenditures are too great for this country. If you study the situation carefully, what do you find? Has this nearly $10,000,000 of expenditures contributed to the peace and security of this country? To it must be added the cost of the league of nations and the cost of Lake Success. Millions of dollars worth of buildings down there were torn down and a great big mansion is being built at Lake Success. The tower of Babel was not in it. That is all it ever was. It is the most mischievous institution we have ever had. It produced the present Russian situation. Has Lake Success made it any easier for the United States to get on with Russia? The answer to that is no. They made it ten times worse.

In connection with these estimates, I just want to point out that there must be added the cost of our people down there. These people go there. Once the session is over, it is a nice soft trip to go to Lake Success and stop at the Biltmore hotel in which a whole floor is at their disposal. I can tell you that is running up to a big sum of money.

One paper in the old country, the *Patriot*, printed some of the menu cards at the sumptuous banquets down there. At a time when the people are starving in Europe and when millions are deported to work in Russia as slaves, this fabulous sum of money is being spent in this way. I can tell you this. You must add on to that the first and second Geneva, the cost of Lake Success and San Francisco. And to the ends of the earth and over the seven seas there are these novice ambassadors, their excellencies. They travel all over the seven seas.

What have we in addition to that? We have trade commissioners in all these countries, and they do ten times more work by getting trade for this country. We are the fifth trading nation in the world now, it is claimed. We have these trade commissioners who are really doing good work and providing work for our industries by sponsoring trade and commerce on the seven seas. That is the most fateful mistake ever made, dividing Britain's representation as ambassadors on the seven seas. As Clemenceau and many others said about Britain, it is the hardest country in the world to make a treaty with. Why? Because so many of the dominions and all these other people must have a say about the matter, and they can never act as one united nation as the United States do. I have great respect for that country. I paid it a great tribute the other night in the house. I greatly admire the people of the United States. But I can tell you this. This representation abroad is in salaries alone costing over $5,000,000. There is a big increase in it this year. We have their excellencies in every little country in South America and all over the seven seas. No wonder there are so many applications for these positions on the seven seas.

Let me say a word for a minute or two tonight about policy. Canada has never had a foreign policy. The policy we have had in this house has always been one of "We have no commitments; parliament will decide." We were ten days late in getting into the war. What was the result? The *Athenia* was sunk with 130 Canadians on board. The *Athenia* was sunk about the third day of the war, although it was September 10 before Canada declared war on Germany.

We have never had a foreign policy, and we have none now. The minister's policy is confined entirely to the UNO at Lake Success. Well, there will be a rude awakening if the enemies of our country come here. We tried that before. We know that some of my hon. friends to the left said we should no longer go to London or Glasgow in connection with matters of defence, but we should go to Washington. That proved to be poor advice, because they could not defend their own country; and they are a great nation. The United States has never had a foreign policy, other than that followed by Washington, Andrew Jackson, Jefferson and Madison, which was a policy of no foreign entanglements unless the country was invaded. From 1815 until the Spanish war in 1898 they had no foreign policy at all. The Monroe Doctrine was their policy, backed up by the protection of the British fleet.

Then in 1898 the Spanish war came along, and in 1900 there was a presidential election. What happened then? The government had committed itself to defence on the Pacific ocean, seven thousand miles from San Francisco and from that day forward the United States had no foreign policy. They had none in the two great wars. Their policy was to do nothing unless they were invaded; but they were forced into the last war by what happened at Pearl Harbor. Russia also came into that war because she was invaded by Germany. Britain came into the war because of her pledge to Poland. She went to war voluntarily and sacrificed everything. Today that nation is starving, and it has lost all its foreign investments.

Just think for a moment of Britain's position at the close of the last war. She was at the peak of her career, the most respected nation the world over. She was looking after Palestine, India, Egypt, Greece and all those other countries, after her armies had marched across the desert under our present great governor general, one of the greatest soldiers of all time and one of the most successful diplomats Britain has sent anywhere.

We have now no foreign policy except Lake Success; and if we are depending on that we are depending upon a pipe dream, the most mischievous institution we have yet had. Look at the disaster they have caused in Egypt, India, Palestine, Greece, and the Balkans. Look at the disaster on the Bosphorus and in Greece, all because of this united nations policy. Look at the situation in the Netherlands East Indies and in Burma, also in India where we have four hundred million people with no protection at all. With a wave of their hand, a pacifist government in England destroyed, as Churchill said recently, the whole British empire in a little less than two years, though at the close of the last war Britain stood in a superior position throughout the world.

I say of both the United States and Russia that they want to be imperial nations. When they came into the war I said they might not want to grab territory, but we should wait and see. Look at what Russia has done since that time. Hitler was not in it with the cruelties that have been exhibited by this Soviet nation toward the satellite countries it has invaded.

Then they speak about giving up our sovereignty. Let me plead with those who talk that way, including some of my hon. friends across the chamber for whom I have a great deal of respect. Let me remind them that a million men went to the first great war from the dominions. They did that under their own status, autonomy, and sovereignty. No one asked them; they went voluntarily. We remember what they did in that war. Some 130,000 fell on the field of battle, including many young people from the province of Quebec, and what they did changed the history of the whole civilized world.

In the second great war they did the same thing, only in much larger numbers. They came from cape and island and continent during the two years Britain had to go it alone. We remember when the submarines in 1942 were in the St. Lawrence. There was a secret meeting of this house, which I did not attend, at which the navy minister spoke of the great danger in the St. Lawrence. The young men of the commonwealth went to the colours to defend the mother country which had stood by them in the past and given them the freedom they enjoyed. I ask for fair play and fair treatment in view of what that great nation has done.

In my opinion the UNO has made Russia and the United States enemies forever. It is not diplomatic to attack Russia and so invite them here. We remember when the league of nations, which was to save the world, passed away. There were on mourners, and only three or four lines in the newspapers. Now they have started a new organization at Lake Success. Some of the universities and high schools in Toronto were visited by these people; and what did they say? They said, "Well, you will have to give up your sovereignty if you want security." Where would we have been in the first great war if we had given up Hong Kong and the Cape and Gibraltar to the control of any league of nations or foreign country? We would have had to remain neutral and Germany would have won

the war. Many people who are supposed to be learned do not know much about foreign affairs or history.

What would be our position in the coming war if we did what they suggest? That war is sure to come. It is just a matter of time. Mr. Attlee has said so. Mr. Churchill has warned the nation. Mr. Truman issued a warning only the other day. General Bradley, head of the United States army, and many others, have given the same warning. The situation is very grave.

Those are my realistic views, and I believe they are correct. No thoughtful people ever believed that any agency at Lake Success could achieve the results claimed for it. We have heard the same thing before. At Lake Success they even say, "Let's pretend we have security." Well, the Stuarts had pretenders to the throne; so had the Plantagenets, and others. That is the trouble about depending on Washington for defence instead of having an all-empire policy. The trouble is that we have surrendered too much political, economic, social and military initiative to Washington. Our defence policy has been made in Washington. Just recently the Minister of National Defence (Mr. Claxton) went there and saw Mr. Forrestal. What about? Did he confer with the representatives of New Zealand and Australia? I asked that question in the house and the reply was no. I asked if he had consulted Britain about our defence on the seven seas. Again the answer was no.

I would remind hon. members that, owing to the present government in Britain, we have not a battleship on the seven seas today, and according to the Navy League, neither a battleship nor an aeroplane carrier nor a destroyer in service on the seven seas today. I take very little stock in what is going on at Lake Success. If you are to depend on what happens there you might as well make no preparation for war at all. If I had my way I would revive the empire training plan at once in Canada as a measure of security for this dominion.

Further than that, New Zealand and Australia, through Mr. Fraser and Mr. Curtin, from that very chair where the deputy clerk is now sitting, pleaded with us to have an empire council for trade, defence and migration within the empire. Had we had that, we would have needed nothing more; because Great Britain with her dominions is stronger than the United States or Russia, in natural resources, raw materials or manufactures, and all that kind of thing.

If the dominions would only hang together along those lines they would need no other agencies to achieve their purpose. That is admitted. In the spring of 1946 Australia and New Zealand asked for a conference. That was before the disasters in India, Palestine, Burma, Greece and the Suez. In all of these we had interests. They asked that a conference of dominions be called in London. The Prime Minister of Great Britain was favourable to it, but we would not attend. Our policy, it was said, was: We have no commitments; parliament will decide.

The people have been blindfolded. People back home in the constituencies know very little about foreign affairs; they know nothing about it at all. But they are very much alarmed at the present time about the lack of the freedom of the seas and no defence at all. From where are they to get their information? Will it be from the universities? No; one of the men from the universities, now a professor and pacifist, was over in Geneva for years; he has written books about it. We shall have a rude awakening along those lines.

I believe we should have had a defence policy long ago. I should like to find out from the government if it has any information to give the house with respect to the millions of slaves in Soviet camps in which the Russians have placed conscripted men from many Soviet satellite countries of Europe. Have the united nations asked Russia to return these people to their homes? I should like to find out about that.

The cost of the Department of External Affairs is fabulous. If we had the policy about which I have been speaking, Britain aided by her dominions for defence purposes as a unit, we would then have within the empire a defence which could be depended upon. We know that in the last two wars Great Britain, save for aid from the dominions, acted alone against the axis powers for two and a half years. She had to go on alone because it took the United States a long time to get in. They were not ready for nearly three years. We must always have good relations with the United States. That is more important now than it ever was before, and it was only a short time ago that I paid tribute to their late president and that great nation with the same views as our own on freedom.

The United States had great success in its conduct of the war. If that success continues in peace, then we shall have some hope of meeting the eastern powers—the Russian power. Neither the league of nations, nor the present united nations organization can solve the problem. The Marshall plan is a little late, but it has the support of the government, and I too support it. I doubt if it will arrive in time.

But neither the leagues nor the Marshall plan, nor any other plan, can do for the British empire what co-operation and enterprise and the strength of our own dominions, with the mother country, could do as a unit for the world and for civilization. These are our own interests; we have depended upon them, and have made a success in two long wars, and in many other wars before that. It would be far better for us to depend upon the empire than to depend upon twenty-six nations now united in a Lake Success agency, which is nothing but a tower of Babel at New York.

If that is the government's policy, I do not like it. If that is the policy of the opposition, then I am sorry for the opposition—because we are supposed to have a traditional policy. We have always believed in paying tribute where tribute is due. I am sorry there are so many members away tonight when these important matters are being discussed, because this may be the last opportunity for a discussion of this kind; this session may be over before the rude awakening comes.

None of these agencies can do what the mother country with her dominions could do. We used to have an empire parliamentary association. But it might just as well be wiped off the map altogether. What did they do? They turned themselves into a pan-American organization, and forgot all about the empire. The result is that they have not the influence that they should have in this country. The empire parliamentary association used to be an up-to-date organization of men from Quebec and from all the other provinces—and some of the best men came from Quebec. But they just turned it into a pan-American organization, forgetting all about the empire, and all that kind of thing, with no agency to inform our country of its defenceless situation.

Then, what is this thing called a customs union? Well, I can tell you what it is. During the second great war I said this:

"The proposal for political amalgamation between Canada and the United States will find little or no response in Canada while we are a unit in our admiration for the people of our devoted ally in this war and have the same common views on the war and the new world to come. Canada will continue forever on her destiny, yesterday, today and forever in a union of hearts and hands with the mother country and her dominions for all time.

We are not an independent nation. Such castles in the clouds had a rude awakening when this war began. We are a link in a chain of free dominions and colonies within and making up the British empire. Talk about annexation with the United States? No. There is no feeling whatever in favour of it. Nor of independence, either. This war showed the folly

of small independent nations. Canada was the chief drifter from the mother country for the twenty years between the two wars—the most disastrous years which almost finished freedom, liberty and even civilization itself. Canada's dream of status isolation and separatism exploded and never again will she depend on such folly as pacifism and isolation.

In future, linked with Britain, our policy should be might plus right, and the time has come for Canada to cease whining about status. Status and autonomy and that empire-wrecking Statute of Westminster helped cause this war."

This is from the *Monetary Times* also of September, 1943.

"What Canada has done the past forty-four years she has done of her own volition and she will do the same again gladly, namely to come to the aid of the mother country in her hour of peril . . .

I believe in what Mr. Churchill said, that he "would not preside over the liquidation of the British empire." Certainly Canadians will not let it go by default. Canada is not going to be talked out of the British empire. Canada will have to be fought out of the British empire. If Canada could have been talked out of it long ago this would have been done . . ."

No customs union is wanted in this country, because a customs union would refuse to the dominion the right to protect her industries, even against British competition.

Today we are facing very dangerous conditions. There is the drastic curtailment of the British empire, civil war in India, revolution in France, race war in Palestine, some kind of struggle between Soviet Russia and the United States, and various other strifes, too numerous to mention, in other corners of the world.

There is no such thing as "Peace on earth, good will toward men". The other day there was a meeting in England at which the Earl of Athlone presided. The Archbishop of Canterbury was there, as was the Cardinal of Westminster, who visited this building last summer. There were also the moderator of the Presbyterian church, and representatives of the Free Church of Scotland, the Baptist church and others. What did they declare for? They declared that Christianity is facing a very difficult struggle, and said that if we are to have peace on earth and good will toward men, and if we are to have the gospel of Christianity, from now on Christian churches must stand together against communism or communism will win. That was what was said.

Last Monday, after the king and queen had celebrated their anniversary, the Archbishop of Canterbury, Doctor Geoffrey Fisher, denounced communism as a—

. . . militant political system which in denying God, degrades and enslaves men.

That system reveals itself in its working as utterly hostile to the basic principles of Christianity and of human liberty.

Because of its totalitarian claims it must be resisted at every point; but the final answer can only be given by a free society which so expresses freedom as to abolish the social and economic disorders out of which communism sprang.

I should like to quote what a great bishop of the Church of England, the gifted and learned Right Reverend R. J. Renison, said, in part, in an article yesterday in the *Globe and Mail* editorial page on "Where are the Peacemakers?"

Where are the Peacemakers?

The Kingdom of Jesus is a Kingdom of Peace. That was one of the names given to Him by ancient prophecy—"The Prince of Peace." That was the hymn the angels sang on the night of His lowly birth. "Peace on Earth." That was the picture given to us by prophet and psalmist of the reign of Christ. It is a reign of love and brotherhood and peace.

And again:

If we were living in a Christian world, there would be no war. The first thing to remember is that you cannot separate human life as a whole from the question of war. We have no faith in the argument as to what the attitude of Christ would be in the world today based on Bible texts, flung from one side or the other. We must remember that Christianity is a spiritual thing that grows from the inside, and we must accept the present crisis in terms of challenge rather than dismay.

And again:

"Blessed are the peacemakers, for they shall be called the children of God." In the original Greek they are called the sons of God.

The united nations at Lake Success do not mention any of that in their charter. The mother country is one of the greatest nations that we have ever seen in the world. As Tennyson said in his "In Memoriam":

> Our little systems have their day;
> They have their day and cease to be.
> They are but broken lights of Thee,
> And Thou, O Lord, art more than they.

As James Thomson said in his poem "The Seasons":

> The nations not so blessed as Thee
> Must in their turn to tyrants fall
> Whilst thou shall flourish
> Shall flourish great and free
> The dread and envy of them all.

Britain will not sit back and be content to be a second-class power. She still rules the waves. As James Thomson, the Scotch poet, said when he wrote "Rule Britannia", Britons never shall be slaves.

Next to the Christian church, no other agency has done so much for the freedom of the world, and for civilization as has the mother country on the seven seas. The mother country, notwithstanding the terms of the Bretton Woods agreement and the hard terms of the United States loan, can live a few more months the hard way. We have seen recently the collapse of statesmanship.

Sir John Macdonald laid down the policy of this party back in 1844 when he said that the prosperity of Canada depended upon its permanent connection with the mother country and that he would resist to the utmost any attempt, from whatever quarter it might come, which would tend to weaken that union. He went on to say:

For a century and a half this country has grown and flourished under the protecting aegis of the British crown. Under the broad folds of the Union Jack, we enjoy the most ample liberty, we govern ourselves as we please, and at the same time we participate in the advantages which flow from association with the mightiest empire the world has ever seen. As for myself, my course is clear. A British subject I was born and a British subject I will die.

That has been the consistent policy of the Laurier government. As Sir Wilfrid said, when Great Britain is at war, Canada is also at war. Sir Wilfrid went over to the diamond jubilee celebration and he was the first in the diamond jubilee procession. He established British preferential trade for which he deserves a great deal of credit. He was a beloved figure in this country.

I realize that economics are partly to blame for war, but in this connection I should like to quote the first verse of chapter four of the general epistle of James, which reads:

From whence come wars and fightings among you? come they not hence, even of your lusts that war in your members?

That is correct. We have something like that here in connection with the bases on the Atlantic from Newfoundland to British Guiana. These were given under 99-year leases during the war. I contend that those leases should be cancelled and charged to lend-lease. I realize that, had they not been there in the battle of the Atlantic, the shores of North America would have been invaded.

There will be another opportunity to speak. I have great respect for the minister, and I am sorry the government of the day and the opposition have not some other policy to depend on than the united nations at Lake Success because they are going to find out in a few days, as the historians will record, that it is of no great value as an agency for the peace of the world and security and will not make it any easier for the United States to get on with Soviet Russia.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, I will preface my remarks by felicitating most sincerely the Secretary of State for External Affairs (Mr. St. Laurent) upon the wonderful peroration he made this afternoon, which no doubt will be a guide and a chart to the Canadian people generally speaking

when dealing with foreign policies. The same compliment could also be addressed to all previous speakers on this subject.

I am not in entire agreement with some of the statements that have been made, although no one can doubt their sincerity. I should like to make one or two brief references to parts of the fine speech delivered by the hon. member for Rosetown-Biggar (Mr. Coldwell). He knows that I have great respect for him. I appreciate the talents he has given so freely to the House of Commons. He is really an asset here.

There are some things which I believe could easily have been left out of a discussion of this kind. In referring to the rehabilitation of Europe, he said that he did not think capitalism should be revived. I cannot understand why an expression like that is being used in such a discussion. We know that the word "capitalism" in itself does not mean anything. What we have in this country and what we have in most sections of the world is progressive capitalism. Almost in the same breath, a few moments afterward, he found it possible, and rightly so, highly to compliment the United States and Canada upon the help which they intend to give under ERP.

The United States is a progressive capitalistic country. The same is true of Canada, and that would apply also to South America and many others that I have no time to mention. I cannot comprehend why he should find it possible to criticize the system we have in this country, the system with which the majority of people seem to be in agreement. I would rather have progressive capitalism than governmental capitalism such as they have in Russia. We must of necessity remember these things when discussing a matter of this kind.

I would be the last person to criticize the leader of the C.C.F., but I do not think he should have tried to tie in fascism with the capitalistic right. What has the capitalistic right to do with fascism? Is there any fascism in this country? I repeat that the great majority of the Canadian people believe implicitly in progressive capitalism. I for one believe in it. Practically all the people in Canada believe in that system. That is why I deplore to a certain extent that the hon. member, in his masterpiece of a speech, should have tried to slap the face of progressive capitalism upon which the countries of western Europe and Asia, all the devastated nations, must of necessity rely at the present time to receive the help they require. Help will be given liberally, but it will be from so-called progressive capitalistic systems.

Let us visualize for a moment what happened during the last war. Was not Great Britain, that fine, heroic nation, operating under the progressive capitalistic system? Was not Canada a progressive capitalistic country? We know that the United States, the country which came along with us later, is also a progressive capitalistic country. What did we do under that system? By our inventiveness, our terrific and almost unlimited products we pulverized fascism and nazism, and were in a position to help an ally which had governmental capitalism. That should be appreciated; that should be considered.

I have no quarrel with any parties in this country or with their political ideologies, outside of communism, but why try to put progressive capitalism on the same level as fascism or communism? Such a statement is absolutely unfair and unwarranted. Why condemn a system which has proven satisfactory and beneficial, not only to our cause and that of our allies but to the whole of Europe and the world, and which will be able to do still more?

I speak with all humility on external affairs. The united nations and its activities have been severely criticized by the two previous speakers, but if we would be fair we should reflect how hard it is for us to settle our own national and even regional problems in Canada. We have spent the greater part of the last three weeks, for instance, in discussing freight rates, which no doubt is a national problem, and that discussion should have made us realize how difficult it is in a country like Canada, where we enjoy to the full democracy and freedom of speech, to find a solution of our national or even regional problems. If in a country like Canada, which is blessed with prosperity and where our people live together in harmony, it is difficult for our governments, dominion, provincial and municipal, to solve their problems, how much more difficult it must be for the united nations, with fifty-seven members, coming from every section of the world, to find solutions for complex international problems. It is easy to say: what audacity you members of the Canadian parliament have to try to solve the problems of the world by a wave of the hand, by propounding certain ideas you have at heart, when you cannot solve the problems in your own country. But unless we practise unity of purpose and try to reach a common understanding of each other's problems, how can we expect the fifty-seven nations who are members of the united nations to have unity and co-operation and that much-needed understanding in a so much wider field of action.

Unlike the two previous speakers, I do not believe that the united nations is a pipe

dream. It is a living reality that has already accomplished great things. Let us visualize for a moment the alternative if we did not have the united nations at the present time. What would have happened in Greece, Indonesia, China and other danger points in the world? Perhaps our hopes were too high when the nations of the world met in San Francisco, but there was reason for exaltation at that time when the nations of the world got together with the war still raging, with Japan not then defeated, and so that meeting was received with great enthusiasm and high hopes which led to the formulating of the charter, a marvellous document which, if we would implement it in spirit and accept its worthy principles, would help to bring peace and unity to this world.

It would be presumptuous of me to say that the united nations has not difficult problems before it; that it always functioned smoothly, but I know that the Canadian people are fair on that score. In my own constituency I happen to be very fortunate. We have at least a dozen study groups which, over the past few years, have held several meetings to discuss the activities of the united nations, external affairs and international problems. They have set to work to study these problems seriously and have received the necessary information from the personnel of the united nations. On several occasions I was asked to speak to them. The result has been that they are realists and they know and fully appreciate what has already been accomplished by the united nations.

It would be unfair for me to say we are absolutely satisfied with all the activities of the united nations. Some of the criticisms levelled against it by previous speakers are no doubt warranted and necessary to make; but I repeat, let us be realists and face the fact that our own problems in this country, the grain question, maritime rights, the flood situation, freight rates—I could go on with the list *ad infinitum*—cannot be solved by political partisanship, by destructive criticism or by political jockeying but only by a patient effort at understanding and by unity of purpose on the part of every Canadian. The same principle applies with greater force to the problems confronting the united nations. If people come there with an axe to grind and without any ideas of co-operation they are bound to defeat the high purpose and ideals of the united nations. I now move the adjournment of the debate, Mr. Speaker.

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. ST. LAURENT: May I have the consent of the house, so that we may continue this debate tomorrow, to move:

That the provision of standing order 28 relative to Mr. Speaker leaving the chair without question put be suspended for the sitting of the house on Friday, April 30, in order that the present debate on external affairs may be continued.

Mr. COLDWELL: May I ask, will that debate continue throughout the day, or will there be the usual hour from eight to nine o'clock for private bills?

Mr. ST. LAURENT: There will be the usual hour from eight to nine o'clock for private bills.

Mr. MacNICOL: If the debate on external affairs is concluded tomorrow, will the house go into supply?

Mr. ST. LAURENT: If this debate is concluded before the end of the day, it would be the intention then to move that the estimates of the Department of External Affairs be withdrawn from the committee of supply and referred to the committee on external affairs, and after that, the Minister of Agriculture would continue with the debate on the agriculture estimates in committee of supply.

Motion agreed to.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, April 30, 1948

The house met at three o'clock.

SPECIAL COMMITTEES

VETERANS AFFAIRS—CHANGE OF PERSONNEL

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved:

That the name of Mr. Timmins be substituted for that of Mr. Green on the special committee on veterans affairs.

Motion agreed to.

DOMINION ELECTIONS ACT—CHANGE OF PERSONNEL

Hon. COLIN GIBSON (Secretary of State) moved:

That the name of Mr. Cournoyer be substituted for that of Mr. Cote (Verdun) on the special committee to consider amendments to the Dominion Elections Act.

Motion agreed to.

LOAN COMPANIES ACT

AMENDMENTS WITH RESPECT TO DEFINITIONS, NUMBER OF DIRECTORS, ETC.

Mr. D. F. BROWN (Essex West) moved the first reading of Bill No. 220 (from the senate) to amend the Loan Companies Act.

Motion agreed to and bill read the first time.

PENNY BANK

WINDING-UP OF BANK AND REPEAL OF THE PENNY BANK ACT

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance) moved the first reading of Bill No. 221 (from the senate) to provide for the winding-up of the Penny Bank of Ontario and the repeal of the Penny Bank Act.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READING—SENATE BILLS

Bill No. 222, for the relief of Lucien Menard.—Mr. Maybank.

Bill No. 223, for the relief of Sheila Trench Thomson Ellis.—Mr. Maybank.

Bill No. 224, for the relief of Alexandre Hebert.—Mr. Maybank.

Bill No. 225, for the relief of Anne Greenblatt Pliss.—Mr. Maybank.

Bill No. 226, for the relief of Sonnie Levitt Shereck.—Mr. Maybank.

Bill No. 227, for the relief of James Young.—Mr. Maybank.

SUPPLY

EXTERNAL AFFAIRS

The house resumed from Thursday, April 29, consideration of the motion of Mr. Abbott for committee of supply.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, last evening in dealing with this very important subject I said I was speaking in all humility because I realized the breadth and diversity of the problems we face when we discuss matters having to do with foreign relations. I listened attentively to the speech of the hon. member for Broadview (Mr. Church), who to a certain extent criticized the amount of money being voted for external affairs. Personally I have always been in favour of the strictest economy in all departmental activities, but in my view the total of some $9,000,000 being spent on external affairs is one of the finest investments this country could make.

The hon. member for Broadview, along with every other hon. member of this house and every citizen of this country, is to some extent responsible for the extension and expansion of the external affairs department; and I will amplify this statement. Up to the time of the South African war at the end of last century Canada and the United States were in a complacent mood, because in those days we realized, and had reason to believe, that we were protected by the British navy, while the Monroe doctrine was fully implemented as far as the great American nation was concerned. It is an historical fact, known now to everyone who wants to study history impartially, that the Monroe doctrine was capable of implementation purely and simply because of the wonderful shield and protection afforded by the British navy to all civilized nations, and this applied most certainly to the American republic.

In the 1910's, for instance, who would have thought we were going to have a world war, in which every country would be directly interested and eventually participating? Geographically speaking Canada was supposed to stand

apart from any European conflict. We had then thrown aside any idea of participating in any imperialistic war. But the moment we heard that shot at Sarajevo, when the Austrian duke was killed for political reasons, even on this continent we realized that the world was smaller than we knew it in the nineteenth century. It was true that we had no fear from the north. We had no potential enemy there and were protected by nature, by the Arctic ocean and ice cap. It was also true that we had no fear from the south, because we thought and lived much the same as our American friends did. In those days many of us asked ourselves why we should participate in a European conflict, and why we should not let the nations of Europe settle their own problems, by war if they wanted to do so. Undoubtedly that opinion was held even more strongly by our friends to the south. But it did not take us long to realize that we were part and parcel of the whole world, and that no longer could we consider keeping ourselves isolated from the rest of the nations, no matter how far away they are from our borders.

That is why Canada participated, rightly and gloriously, in the war of 1914-18. For many dreary, deadly months we hoped and prayed that the great nation to the south also would participate on the side of democracy and freedom. Eventually, after the *Lusitania* disaster, they realized that it was also their war. They knew their own shores were no longer immune; that if there was danger to England there was danger to France and the whole of Europe from the hordes of the Kaiser and of Austria; there was also danger to her own soil. They suddenly realized that they had to come into the conflict and stay until the bitter end so as to save democracy and freedom.

Then in 1939, after a period of peace which was all to short, again we realized that the world was growing smaller. National frontiers had disappeared owing to the great advances in physical science. We were all brothers together. It is true that we had to go through the humiliation of Munich; but perhaps that had to be because we were not realists. All the democracies were hoping and praying that we would not have another war such as we had from 1914 to 1918. But we know what happened in 1939; and to her great glory and honour once more Canada realized that she had to be in that battle for Christianity, freedom and democracy. As in 1914 we realized that even if it meant the tribulations of a horrible conflict, those barbaric hordes led by Hitler and Mussolini had to be confined within the borders of Europe and detroyed there; that otherwise they would spread death and destruction throughout the continents of the world.

It took quite a while for our friends to the south to realize how serious was the situation, and again we must thank a kind Providence that in those troubled days the head of the great American republic was one of the greatest statesmen the world has ever known. He appreciated then the seriousness of the situation, though he was a pacifist like our Prime Minister, like the members of this parliament and every Canadian. We were praying and hoping for peace, but he knew the storm clouds which were hovering over Europe were bound to spread to every section of the world. Almost by himself, by his own courageous actions, he aroused American public opinion even before Pearl Harbor.

I have been told on good authority that in a discouraged moment Mr. Roosevelt confided to one of his best friends that though he had thrown everything he had into the battle, his great talent, his high office, his wonderful oratorical eloquence, he was afraid he was losing ground before American public opinion. But then came Pearl Harbor. It is true that prior to this Mr. Roosevelt and leading Americans of all parties in that great nation had heard appeals from Great Britain, which was almost alone for over a year, the only human rampart against the hordes of barbarism, paying the horrible cost in young lives and old lives and in destruction of indescribable magnitude. Mr. Roosevelt and the United States were told that Britain was fighting the barbarians in defence of democracy and freedom; but it was not enough. It took something like Pearl Harbor to make the American nation realize and to direct its policy accordingly, that though this occurred thousands of miles away it was an attack on the American nation, the same as if it had happened in the heart of New York, for instance. From that time on they have been fighting on our side, although their hearts were always with us, from the beginning of the conflict in 1939, through to the end.

That is why I say that it was not of our own choosing that we participated, but our way of life was in danger of destruction. I know that the contribution we made was a necessary one, although costly, and every citizen of this country has reason to be well pleased with our part, although dolorous in it.

As I said before, from the standpoint of geography it could be considered that we were not only pacifist but also isolationist. All that disappeared, because we suddenly realized

that every citizen in the world was to a large extent his brother's keeper. That principle has been evident throughout two wars, and it is being just as strongly pressed forward at the present time to emphasize our ideology. Because for every man, every woman and every child in this world, we pray and wish for peace. In the back of our minds, however, and in our private and public deliberations, we cannot get away from the fact that there is a skeleton in the nation's closet, the skeleton of war. If it were possible to have a plebiscite today among all the citizens of the world they would vote one hundred per cent for peace. But there must be a diabolical genie that finds it possible periodically to develop a situation which tries the patience of individuals and of nations.

I maintain that through the united nations organization, to which we properly belong, and to which Canada has made a great contribution, we are fulfilling a high and constructive purpose. If the voice of Canada is listened to and respected through its spokesman, the right hon. the Secretary of State for External Affairs (Mr. St. Laurent), to whose eloquence we listened yesterday, and if the ideals he has set forth prevail in that world-wide forum at Lake Success and at Flushing Meadows, we do not need to despair.

We shall have to guard ourselves in our own actions and pronouncements; but, at the same time, anyone who attended the meetings of the united nations last fall will say that the voice of Canada is highly respected and eagerly listened to. The reason for that is simple. In proportion to our population we have done more than any other nation of the world. And there is more than that to the reason why Canada is so highly respected in the forum of the United Nations. After giving of our lives and our resources through our courageous participation in the last two world conflicts, we do not ask for any territorial aggrandizement. We do not wish any additional territory in the Atlantic or the Pacific, nor do we want even any rectification of our own borders, which in some parts are anomalous. If we wanted to be selfish we could be; we could ask for some reward for what we have done in the two great wars, to try to rectify our borders. But we do not want to do that, because we do not want to carry on agitation in respect of any question which might bring friction, when peace deliberations are our chief concern.

Some doubt was expressed yesterday as to the respect in which the Canadian delegation is held. Let me repeat that the voice of Canada is highly respected. There are in these precincts some who were delegates of or advisers for Canada in the united nations organization. They knew that the best way to win the hearts and minds of the people they met was to say that they were Canadians. Immediately there was a sympathetic response; they spoke their minds to us, and left no doubt as to how much they greatly admired the wonderful things that this relatively small nation has accomplished.

These are reasons for great pride. I have seen with my own eyes many nations asking the advice of and a lead from Canada, because they respect our views, and they respect the action we have taken in our own history. I appreciate sincerely the action taken by the government last fall when I was appointed a delegate to the united nations organization in New York. I know, as chairman of the committee on external affairs, that there were many occasions in the course of our deliberations in that committee on which I was agreeably surprised by the knowledge shown by members of the committee. I have in mind the hon. member for Peel (Mr. Graydon), the hon. member for Rosetown-Biggar (Mr. Coldwell) and others—I have no time to give all their names—who were sent as delegates, as alternate delegates or advisers to San Francisco, to London and to New York. They gave every evidence of having taken a constructive part in those deliberations. I can say that those who were appointed as delegates or alternates left a fine impression as Canadians and as men who understood both national and international situations.

Last fall, with others, I happened to be a delegate from Canada. All parties were represented. I do not wish to give the names, but I can say sincerely that each participated to the best of his ability, and I take pleasure in paying them this tribute. They worked there as Canadians, realizing fully the seriousness of the problems they were facing.

It is no sinecure to be appointed a delegate, an alternate or an adviser in united nations activities. I know that those from the press gallery who attended the last session of the united nations were unanimous in their report as to the activities of the Canadian delegation. They all agreed that we had worked—not eight hours a day, because there was no question of union hours in those circumstances, but from twelve to fourteen hours every day. We did it diligently and willingly. I do not hesitate to repeat that the hon. member for Peel, the leader of the opposition (Mr. Bracken), the hon. member for Rosetown-Biggar, and all others who participated in previous meetings and deliberations made a fine impression on all who had the benefit of

listening to and meeting them, because I often had occasion to observe their fine accomplishments.

It was a new experience for me as a parliamentarian, and one I appreciated. That was the first time in many years I have had the great honour of being a member of parliament that it had been possible for me to mix with high officials of the civil service—high officials in a very important department. I know I gained much by my contact with those career men. I do not need to mention names, because Canada has been most fortunate in her high officials in the civil service, and particularly in the foreign affairs branch. I could mention the names of Mr. Pearson and Mr. McNaughton, and many others who are making it their life's work to serve in that important department.

It was inevitable that as members of parliament, we were not always familiar with the methods of members of the civil service, but I believe if there was any light friction or any personal reaction the parliamentarians benefited by having been in contact with those high government officials. I have no doubt, too, that the benefit was reciprocal, and that the members of the service benefited by being in contact with men who had taken part in the hurly-burly of active politics, men who must face all conditions, from day to day, and from year to year, and must be prepared to meet public opinion. The contact between those two groups was bound to be beneficial in our deliberations and actions at the united nations meetings.

If an invitation is extended to any member of parliament to appear before the united nations in any capacity, I would urge him to accept it. He will know in advance that he will have to work, but he will enjoy it, because there is a feeling of accomplishment. And we can say that so far as our consideration of external affairs is concerned, the matter has been taken practically out of politics, and this is certainly a great credit to our parliament.

I want to compliment the administration for the fine move they made when they found it possible to have every section of the House of Commons and the Senate represented at the united nations. It is in that way that the government gets closer co-operation and has better work done.

I wish to make a brief reference to our connection with the United States. I may be prejudiced, but I love the United States; I love the Americans, and this attitude does not lessen my love for Canada. The United States is a big exuberant country possessing all the qualities and all the faults of a young, strong giant. Some of us would seem to be afraid of the size of the United States and the important place that it has been projected into. In the course of this debate reference has been made to two worlds, to two philosophies, Soviet Russia in the east and the United States of America on the American continent.

One colossus, Russia, was built up during the last seven centuries. That country carries on today the same imperialistic expansionist idea which was evident back in the ninth century and which has been her continuous policy. Europe and the rest of the world has often suffered from that expansionism. Today the United States is the second so-called world colossus. But she did not reach that stature of her own volition or with any idea of expansion. It was not done by her own work.

I think I showed at the beginning of my remarks that the United States, on account of her prosperity, her high standard of living, her strength, her wonderful natural resources, her climatic conditions, her isolation from Asia and Europe by two great expanses of water, never in her wildest dreams imagined that she would become the leading nation of the world. She was compelled to do so. I think this is an example of the ways of Providence as shown through history, as applied to individuals as well as to nations.

What would have happened in 1914-18 if there had been no United States? That democratic nation did not want to expand her territory. She was satiated as far as territory was concerned; but she answered the call of democracy which she knew was in danger in Europe. There is no doubt that she helped to a great extent to save European civilization, yes the whole world. She applied that principle just as forcibly, if not more forcibly, in 1939. She did not want to participate in a second war. Her people did not want a second war. Why should they want war? They were prosperous; within their own borders they had the highest standard of living of any nation in the world. They were a creditor nation; they were on friendly terms with everyone. They did not want to expand their territory. The territory which she might have annexed unjustly in the past she gave back. She gave those people their freedom. This house should realize that that great nation did not become powerful of her own volition. It was simply because there were compelling circumstances, and she

realized the role she had to play at the cost of great sacrifices, in defending civilization and freedom.

Is it fair to make a comparison between the United States ideology and Russian Soviet ideology? Can a favourable comparison be made between communism and progressive capitalism? Such comparisons are not right, yet they are made time and again in this House of Commons. As I said a moment ago, the United States has all the exuberance of a fine, powerful youth. She knows her strength; she knows her ability to produce, but she is also magnanimous. I listened attentively last night to the eloquent speech of the hon. member for Rosetown-Biggar (Mr. Coldwell). He said that in the last war we repeated practically the same errors that we had made in the previous war, that there had been an expansion of territory, the annexation of new population and the use of slave labour in the mines and forests of the victorious nations. Surely that would not apply to the United States.

The hon. member for Rosetown-Biggar seems to deplore the fact that the United States wants to have defensive outposts on the Pacific ocean. I for one am in favour of such outposts. The United States does not want them for purposes of aggrandizement. I ask hon. members to think of the situation of Australia and New Zealand during the last war. A large number of the courageous sons of those countries were fighting in North Africa when the attack on Pearl Harbor occurred. After Pearl Harbor their countries were in deadly danger. In those horrible hours after the Philippines were crushed, over two-thirds of the United States navy was destroyed, General MacArthur had to leave the Philippines as a vanquished general, his magnificent armed forces completely destroyed. He went to Australia, and there he was received with open arms. The people in Australia were a little impatient. They wanted to know what was going to happen when their sons were fighting in North Africa and their own shores were in deadly danger. These outposts are needed. If I have any voice in advising my government I hope that we never find it possible to criticize them.

What do they mean? They mean that there is a safeguard for the civilized world, for all free-loving people, for all free-loving nations the same as the British navy to a large extent was a safeguard for the peace-loving nations of the world. This is not the time and place to propound any theories about the great British empire which is not disintegrating but is merely growing into the British commonwealth of nations.

I repeat that these outposts are not for United States aggrandizement; they are for the safety of the whole world. They are not a threat to any nation that wants to remain peaceful. There was no idea of threat in the outpost of Pearl Harbor. When the attack on Pearl Harbor took place the Japanese ambassador, who was supposed to be talking peace to the United States government, must have known that the attack had been planned by the military caste in Japan. We do not want a repetition of that situation. Prevention is better than cure.

Supposing the United States had had no outpost at Pearl Harbor? Supposing that that horrible holocaust had occurred in San Francisco harbour? It might have proved a deadly blow to the United States. With the situation that we must of necessity face in the world today we must have these outposts. They are not for purposes of war; they are merely to tell the nations of the world that they are more than United States outposts, that they are world outposts which will stand guard for all nations which desire peace and freedom. Any nation that believes in peace will not have to worry. The navy, the marines, the army and the air force will be there for one purpose only, the maintenance of the peace of the world. The United States are telling all the peaceful nations to call on them if anyone dares to attack them unjustly, and the United States will answer that call immediately and effectively. That is my way of thinking.

Mr. DEPUTY SPEAKER: Order. The hon. member's time has expired.

Mr. COLDWELL: I did not like to interrupt the hon. member, but if he will read my speech he will see that I was dealing with the Atlantic charter and I gave many other examples to show that it had been set aside at various conferences.

Mr. BRADETTE: I accept gladly the hon. member's explanation.

Might I crave the indulgence of the house for just a few moments to say a word or two on the Palestine question, which I believe is of all importance?

I congratulate previous speakers on the moderation they have shown in treating this important subject and very difficult problem. I should like to deal with it historically and to say first that all due credit must be given to generous Great Britain for its attitude during the last twenty-five years towards both the

Arab states and the Jewish people. No nation has done so much as Great Britain for the liberation of the Arab people. What happened after world war I? It was Great Britain alone that promised to lift the yoke from the shoulders of the Arab people and give them freedom. At the peace conference Palestine was made a mandated territory under Great Britain. Particularly I would ask the house to remember that the only nation in the world which ever had the courage and the vision to promise a national home for the Jewish people was Great Britain. Let us try to put ourselves for a moment in the position of that fine old historic race which for centuries was exiled from its motherland and had no national home. Even in our Christian hymns and in the rites of my own church we often mention the name of Sion, Jerusalem and Bethlehem, and use the hymns of David.

We have, then, the Jewish motherland, spiritually speaking, and the same principle applies with all the greater force to the Jewish people, both territorially and spiritually. The Arabs in Palestine were under a trusteeship. No doubt some mistakes were made in the Balfour declaration, and no doubt there was a lack of certain clarifications, but surely this is the time to make an appeal to the magnanimity and fairmindedness of the Arab states. Surely they have all the territory they want. The Jewish people ask for only a very small fraction of that part of the world, hardly more than a symbol, and in responding to that appeal I think the Arab states should be magnanimous just as Great Britain has been in dealing with the Arab states themselves.

I heard an Arab representative from Syria—he called himself an Arab when speaking to me at the meeting of the united nations last fall. He said, "Surely we have enough ground to be able to give a little to the fine Jewish people." I can mention his name if necessary.

Great Britain from the very beginning of this question assumed responsibility, and her generosity has been acclaimed in every part of the world. But in accepting that responsibility and in trying to implement it, instead of receiving co-operation and moral support, she suddenly began to meet with criticism, and public statements were made which reflected on her good reputation. No one could reasonably blame Britain for her stand on Palestine in the last year and a half, and I believe she took the right course when she placed the Palestine problem before the united nations.

Canada gave ripe study and long deliberation to this problem. No one would doubt for a single moment the sincerity of the right hon. Minister of Justice (Mr. Ilsley), who was our Canadian representative dealing with the Palestine question at Lake Success and Flushing Meadows. I know personally that he spent sleepless nights pondering over this important problem. He knew that none of the solutions offered was perfect. He did not take the line of least resistance but in the sincerity of his heart, and I believe in this matter he was voicing the sentiment of a great majority of the Canadian people, he voted for partition as the least evil, as he said at the time. But Canada was in good company. We were not the only nation that voted that way.

I must say that some criticism must be levelled against the Arab states. A year ago last spring they did not participate in the deliberations of the Palestine inquiry commission, and last fall they refused to get together with the Jewish delegates at the united nations who opened their arms to them and invited the Arabs to come and discuss their problems together. But again the Arabs refused. Now we have reached a situation which is almost intolerable, but a solution must be found that will be fair to the Jewish people.

Often in these precincts we hear mention of an international police force. That, in my view, is not the proper expression; it should be "international military force" if it is to express exactly what it means. I may be an idealist on that point, but I am firmly convinced that if we had an international military force to implement partition in Palestine, or even a trusteeship, it would defeat its own ends. It is true that Canada is willing to make the necessary sacrifices, but I hope and pray that the day is not far distant when peace will prevail throughout the world, not through an international military force or physical force of arms, but by the moral force created, practised and maintained by every citizen in the world, and their expressions of view implemented by their governments.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I am sure that all members of the house will join with the hon. member for Cochrane (Mr. Bradette) in the fine words with which he closed his speech.

I am glad that my first word this afternoon is to congratulate the minister of external affairs (Mr. St. Laurent) on his comprehensive and constructive statement on our country's position in world affairs. I think it must be a source of considerable satisfaction to him that the statement he made yesterday has received so much support in this chamber that there is very little left to be said by way of criticism.

If I understand the government's policy as the minister stated it yesterday, and I believe I do, it is, stated briefly, to use the united

nations as the instrument for maintaining world security and advancing world welfare. However, the minister went further, and here I agree with him. If the united nations does not provide us with the security we seek, then we shall co-operate with other democratic nations to provide that security for us and for them. In my opinion that is a realistic policy; it is a policy with which I agree and with which I think every member of this group agrees. As a matter of fact I suppose it is forced on us by world events, by the shortcomings of the united nations.

It was my good fortune to attend the meetings of the general assembly of the united nations last fall. I say it was my good fortune, although the meeting itself was not very inspiring; but it did give me the opportunity of seeing the organization at work and to meet and hear and see world personalities in action. I am sorry that more members of parliament are not able to attend those meetings. As the hon. member for Cochrane said on his own behalf during the course of his speech, I wish to thank the government for giving me that opportunity and to say how much I appreciated working with the delegation and the members of the external affairs staff.

I believe the hon. member for Peace River (Mr. Low), who attended the general assembly as one of the parliamentary advisers, as I was, said that his advice was not accepted. I do not know whether mine was accepted or not, but I can say that I had every opportunity of giving it, and when I did not do so on any question that came up I was invariably asked for my opinion. No one could wish for anything more than that.

We all agree that the united nations has fallen far short of the hopes that we had for it when the charter was signed in 1945. That being so I think this afternoon I shall try to show what in my opinion is the reason for its failure. I hope I shall not be too critical, but what I shall say is what has been impressed upon me, not only by my attendance at the general assembly last fall but by my observation of international events since the end of world war II.

The charter of the united nations is its constitution. The signatories to that charter, if they signed it sincerely, accepted certain principles which would govern their conduct as members of the united nations. Probably the principles I am going to state would not be acceptable to everyone, but they appear to me to be the principles on which the organization of the united nations is based. The first principle is that nations with different political and economic systems can co-operate for certain purposes. Even if those purposes are limited, those signing the charter felt there could be co-operation; otherwise there was no point in signing it. The second principle is that no nation should interfere with the internal affairs of another nation, and the third, that membership in the united nations meant the acceptance of compromise in the settlement of international disputes.

As I said, from my observations at the general assembly last fall, I became convinced that these principles, at least for certain members of the united nations, no longer operate. There is now definitely a division in the united nations on political and economic lines. The Soviet bloc rejects those principles which democratic nations consider the foundation stone of their very existence; while the democratic countries reject those principles on which authoritarian states are based. It is from these fundamental, and I think irreconcilable, differences that conflicts in the united nations stem.

As it appeared to me at the general assembly, the delegates of the Soviet union made no attempt whatsoever to minimize differences or to find grounds for co-operation. Every effort was taken to emphasize differences and to prevent agreement, to use the united nations, as Mr. Vishinsky said in one of his speeches, as a propaganda forum. So long as that spirit exists on one side, the united nations, however useful it may be, will not do for the people of the world what we hoped it would do when it was formed.

On the other hand, I am convinced that the other nations, particularly the democratic countries, are anxious to co-operate with the Soviet union. There was always great joy when the Soviet delegates gave the slightest indication that there could be co-operation. If anyone thinks that the statement I have just made with reference to the attitude of the Soviet union is too sweeping I would draw attention to the excessive use of the veto by that nation in the security council, and to the boycott of general assembly decisions with which they did not agree. The decisions with which they did agree were never particularly important.

But there is a further indication of the unwillingness of the Soviet union to work with other nations. There are associated or affiliated with the united nations certain specialized agencies. I believe there are eleven of these altogether. As far as I can learn the Soviet union has representation on only four, on the world health organization, and on the international trade organization—and I believe that is only partial, being limited to the preparatory committee. They also have representation on the universal postal union and

on the international telecommunication union. The Soviet union has no representatives on the international labour organization or on the food and agriculture organization, two organizations which are very important, if for no other reason, so far as the international labour organization is concerned, than that it brings together employers and employees from all parts of the world to discuss questions which are of importance to industrial workers. The food and agriculture organization is of the utmost importance today if we are to have international co-operation in increasing the food supply of the world. The Soviet union has no representation on UNESCO, on the international civil aviation organization, on the international bank, on the international monetary fund, or, as far as I know, on the international refugee organization.

I have mentioned this matter because these specialized agencies, along with the principal organs of the united nations, are the means by which the principles of the united nations charter can be made effective in the lives of the peoples of the world; and I would give it as my opinion that it is most important that all countries should be represented on them. This abstaining from membership in these agencies can only mean that the Soviet union does not believe in co-operation among the peoples of the world. As I said before, until there is a change in that attitude the united nations organization will not be the force in world affairs that we had hoped it would be.

As long as there is any hope, however, that the united nations organization can be of use, we must do everything possible to keep it in existence, even if we are disappointed with its progress. It is an inspiring ideal, and some day it may work. I agree with the hon. member for Cochrane that even if it only provides a forum for the discussion of world problems it is serving a useful purpose. If such is the case I hope the government will give it every support, and I am sure they will.

I come now to the other part of the government's policy, that if we cannot have all the nations of the world in one organization, we must do what sensible people always do when they cannot have all they want, namely, do the next best thing. The next best thing in this case, I think, is the announcement made by the Secretary of State for External Affairs of co-operation with the democratic countries of western Europe. Here I should like to express publicly my own appreciation of the action of the United States in providing the funds for the European recovery program. This is economic aid given by one country to other countries on a scale never before dreamed of. As I said, I wish to express my own appreciation of that generosity.

The motives of the United States in making this aid available have been questioned. But whatever the motives, can anyone in his senses object to feeding the hungry, clothing the naked and putting into the hands of the war-tortured people of Europe the means by which they can rebuild their industries and restore their dignity? I cannot understand, on the part of anyone who believes in human welfare, objection to a program of that kind. It is unfortunate and even deplorable that Soviet Russia did not allow the countries of eastern Europe to participate in this recovery program. But I hope that the benefits of the European recovery program will seep into eastern Europe, as I am convinced they will, and that these countries will benefit from the operations of the program. It would have been much more pleasant and much better for the people of the world if this program had been accepted in all the countries of Europe on the basis on which it was offered.

A great deal has been said during the session, and particularly yesterday, about the dangers of communism and the appeal it had to many people in various parts of the world. I think we should try to understand why it is that people will accept the solution of communist revolution for their problems. I feel that sometimes in this house, because of our own comfortable position, we do not appreciate the outlook of millions of people in other lands who have never known anything but hunger and privation. Let us just remember that in almost all countries up to the present, with perhaps the exception of the North American countries, only a small group at the top were ever economically secure, and consequently politically secure; because a person who is not economically secure cannot be either politically secure or politically free. For the great masses of people in all countries the important thing in their lives is bread. Hungry people are always thinking of things to eat. Until we are able to convince them that democracy will give them not only the opportunity to vote but also the opportunity to eat, they will fall for slogans such as "the land for the peasants" and "the factories for the workers," and will always, in my opinion, lose out as well. That is what we must do today. We must not only give the people political freedom and political democracy; we must make sure that with our joint co-operation they will also have bread.

Both the Secretary of State for External Affairs and the hon. member for Stanstead referred to the political changes which have come about in our international relations during the last three or four decades. These changes have been great, so great indeed that foreign relations are no longer the exclusive concern of foreign ministers and their diplomatic staffs. Today our international affairs reach down to the farmer on the land, the miner in the mine and the industrial worker in the factory. That is so because of the importance of production in our international affairs. In a word, international relations today are no longer a question of the manoeuvring by politicians and diplomats to have their country come out on the long end of international deals. International relations are becoming more and more a matter of co-operation in the improving of human welfare and human security.

We in Canada therefore will have to see to it that our farmers understand the part their production plays in maintaining world peace. The miners of Great Britain will have to understand the part they play in providing coal for Europe's needs; and workers in the factories all over the world must be shown that they, too, are important in maintaining peace in this new world in which we find ourselves.

Last winter one of the Ottawa newspapers ran a series of articles condensing the memoirs of Mr. Cordell Hull. I was interested to note what Mr. Hull had to say about his fight for freer trade and the lowering of tariff barriers by the United States, and what he felt was the part played by economic factors in our relations with other countries. I should like to read briefly from one of those articles. He said:

> Over and above the economic side of our foreign policy, but closely tied in with it, I believed, hung the political side. To me it seemed virtually impossible to develop friendly relations with other nations in the political sphere as long as we provoked their animosity in the economic sphere. How could we promote peace with them while waging war on them commercially? When I came into the state department I found in the department files no fewer than thirty-four formal and emphatic diplomatic protests presented by as many nations following the passage of the Smoot-Hawley high tariff act. Nor had their protests been confined to words. Goaded by what they regarded as almost an embargo keeping out their exports to the United States, they retaliated in kind.

If we are to have peace in the world we should remember certain things today. The industrial productive potential of the world is enormous, indeed so enormous that, given a few years of peace, it will be more than sufficient to meet the needs of a world at peace. When we are advocating programs of co-operation we must remember that these must not be short-term programs but programs that are permanent, because never again, if we want to avoid war, can we go back to the cutthroat competition of the pre-war years. Again, there will have to be considerable national and international planning; for if our industrial capacity is more than sufficient to meet the needs of the world, our agricultural or food producing capacity, taking the world as a whole, is far short of being able to provide the peoples of the world with a satisfactory and sufficient diet.

These are matters we should try to always keep in mind when discussing our foreign relations, because hunger in any country is a danger to every country.

I wish to conclude with a brief comment on a statement made by the minister toward the end of his address, namely, that the burden of maintaining peace will not be easy. I hope the minister is wrong. Very likely he is right. But however hard it may be to maintain peace, it will be easier than fighting another war; consequently we should be prepared to make whatever sacrifices are required to maintain peace.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, this debate on external affairs, together with debates on the same subject on other occasions, has been kept on an extremely high level, as is proper when we are discussing foreign relations; to such a question the House of Commons and the public generally would be expected to take that kind of approach. The Secretary of State for External Affairs (Mr. St. Laurent) opened the debate with an exhaustive analysis of Canada's present position in world affairs, introducing the discussion, in his usual way, on a plane we would all wish to follow in succeeding addresses.

I have always felt that we must look for agreement, rather than division, as far as the political parties in Canada are concerned, on the subject of external affairs. I believe that is what the public of Canada want and what the parliament of Canada demands. Whatever differences we may have in other ways, we must see that as far as humanly possible we achieve a single voice in the councils of the world. Therefore those of us in this house who from time to time have had the privilege and honour of attending international conferences have striven to follow that course conscientiously and consistently, and I hope that will continue to be the policy of all political parties in this country.

The cornerstone of Canadian foreign policy must be of course the achievement of a just, permanent and lasting peace; because after all there is nothing more valuable, more desirable for the people of Canada or any other peace-loving country. This national objective must be pursued courageously and relentlessly. We must not accept the inevitability of a third world war. This is a defeatist attitude which no such nation as ours, vigorous as we are from coast to coast, should adopt. We must not admit that we cannot at least play our part in seeing to it that a world war, which in many quarters is regarded as inevitable, shall be avoided. We must fight to make sure that the inevitability of world war III shall not be realized.

War is not inevitable. But so far as this country is concerned, it is no longer a choice between peace and war. It more closely resembles a choice between peace and the mass obliteration of mankind.

On the other hand this central objective to which I have referred must not be allowed entirely to dull the keen edge of opposition in the House of Commons, although we must always be careful to make sure that that opposition is completely and thoroughly constructive, and that in foreign affairs the linen we may have to wash is washed right here, and not in the councils of the world.

Those are points which all of us want to keep in mind, and which I shall have before me in my observations today. Let me say that the government's policy in the past, so far as international affairs are concerned, has too often been characterized, if I may say so—and in a critical vein now—by what I think is a shocking tendency to keep in the vest pockets of the ministry the important reasons and details leading up to the formulation of policy, and also in some instances even the policy itself.

The place to make foreign policy for the Canadian people is not solely in the east block of these parliament buildings, not solely within the confines of cabinet council, not in other world capitals. If peace is to be permanent it must be a people's peace. And in the light of that fundamental doctrine, a people's peace must of course be made by the people themselves. The foreign policy of this country should be made in the House of Commons and the Senate, in the parliament of this dominion.

But what have we been witnessing in recent times?—and it was worse perhaps in earlier days. In 1946 only three out of 119 sitting days of parliament were given over to the discussion of external affairs. In 1947 only five and a half out of 115 sitting days were taken for the discussion of that subject. And this year, 1948, it is only on the seventy-third or seventy-fourth day of the session that we have now for the first time reached a debate on external affairs.

More than that, a full-time ministry of external affairs came only after great pressure from the opposition. The house committee on external affairs was set up only after similar pressure from this side of the house. No definite time is set aside from week to week for the discussion of foreign relations, despite the fact that the house committee on external affairs in 1946 recommended to the House of Commons that there should be such a definite period, and the house concurred unanimously in that recommendation. But nothing has been done about it.

In 1947 we had to go to the extent of moving to adjourn the house in order to discuss whether or not this country was being given fair treatment in the matter of participation in the peace treaties for Austria and Germany. Furthermore, there were in 1946 some ninety-eight international gatherings at which Canada was officially represented, and there were more in 1947. But in only one instance last year was there multiple-party representation. I am not complaining so much about that. But let us not go away with the idea that all political parties in the House of Commons have a real say in foreign policy as from time to time it is formulated. I bring to the attention of the house these facts because in my opinion the Department of External Affairs, good as it may be—and I am not one who would seek to break it down—is not divine. It is human; it makes mistakes, and I fancy it makes just as many as most of us do. It is the duty of the opposition to point up those mistakes so that the department and the minister may correct them in the days ahead.

One of those mistakes is this. In the representation of this country at international gatherings, I wonder if there is any part of our population which believes that it has a greater stake in peace than do the womenfolk. In the general assembly, and in other places where international gatherings have been held, I have asked myself this question: Where are the womenfolk of the world? True, at San Francisco we did have representation of womenfolk in Canada—exceptionally good representation—in the person of Mrs. Casselman, who formerly represented the constituency of Edmonton East. But since that time where have we gone so far as representation of women is concerned?

Let me point out to the Department of External Affairs that one of the things we should do is to see to it that more Canadian

women have the opportunity to express their views in respect of a matter which, I think, is of greater interest to them than to any other part of our population. It is little short of a scandal, if I may say so, that we have not had more women take part in our international gatherings. I believe that if peace were placed more in the hands of the women of the world, it might be more permanent.

I wish to deal somewhat critically—I fancy the minister may feel I am too critical—with some of the matters I mentioned at the outset. As was pointed out by one of the speakers yesterday, we were at one time placed in an embarrassing position in connection with the matter of oil sanctions against Italy. That was about twelve years ago. I sat in the House of Commons and heard the debate which took place at that time. But whatever the pros and cons may have been, it was an embarrassing and humiliating experience, not only for us but for other nations as well—because in these matters we have been travelling in fairly prominent company.

So far as the Palestine situation is concerned—and I shall not deal with it at length—our position, if I may say so, has been one of advancing, retreating, back-filling, backtracking and slowing up. Canada has more than ordinary responsibility for that policy because of her position in the initiation of the plan itself. We have come out of that with something less than a completely unsoiled reputation as a nation in diplomatic affairs.

In addition to that, our performance in the Korean situation has given us a somewhat juvenile diplomatic reputation. I make these suggestions now because I do not think anyone would wish to make them except with the idea that somebody should point out that there are corrections to be made, that there are reforms in the Department of External Affairs that ought to be recommended on the floor of this house.

I come now to another matter. During this debate we have heard the question raised in respect to our relations with the great United States of America. The hon. member for Cochrane (Mr. Bradette) has given much, and he has much to give, with respect to the question of his contribution to our external affairs policy and his reputation in the gatherings of the world. I was proud of what he said, just as I am always proud of the way in which he represents us from time to time. I was glad to hear him put in a good word for the United States of America.

I am not one who is ashamed to stand up in this house and say that I am proud of the friend we have to the south on this North American continent. I think that what the hon. member for Rosetown-Biggar (Mr. Coldwell) said was capable of the interpretation which was put on it a few moments ago by the hon. member for Cochrane. As I read what he said, and as I heard what he said, I think there was just a little tendency to balance off, on the one hand, some of the bad thing that Russia had done and then balance off, on the other hand, some of the bad things the United States had done. I am not going to balance today. I say to you that while we must not be dominated by Washington—Washington does not want to dominate us—we must not fail to realize the necessity of friendly collaboration with the republic to the south. We cannot adopt any bull-in-the-china-shop diplomacy with respect to our great friend to the south. Let us be realistic in our arrangements and our dealings with them from time to time.

We must not, so far as this parliament or this government or this people is concerned, be confused as to who are our real friends in a critical, dangerous and uncertain world. The fact that a big friend and ourselves find each other going in the same direction on the international highway should not tempt us to make a detour so that we can boast of our complete detachment. On the other hand Canadians must avoid being hitchhikers on the highway of international affairs. We must recognize our friends because, as in the case of individuals, in international matters our friends mean much to us. They mean much to our safety, they mean much to our security, they mean much to the peaceful days that we hope will follow these cloudy times.

There is one other matter I want to bring up, if I may; I refer to the question of commitments. This is one of the difficult things with which nations have to deal. Unless the public is ready to support every commitment that a nation or its representatives may make from time to time in international affairs, if those commitments have only a fragile backing at home, then I think it is only fair to say that perhaps those commitments had better not be made at all. Commitments which you know you cannot carry out or which you are uncertain you can carry out should not be made in the original instance.

Canada has to make sure that she does not get the reputation of having a bark that is worse than her bite in the international show. That is one of the things we have to consider carefully. In the main I think we can agree with the policy enunciated by the Secretary of State for External Affairs. There are some things perhaps which one would want to shade

here or perhaps colour there. Much of the speech dealt with things which are fairly common knowledge to the people of Canada; nevertheless, presented as they were by the minister, they carried considerable weight in the house and the country.

The government should not allow this debate to conclude without the collateral or complementary policy being announced by the Department of National Defence. We have been told where we stand; we were told yesterday how we got there, but we have not been told where we go from here and what kind of policy will be adopted in order to get there. I think the government must give us an answer. They have told us how we got there. To tell us where we are is not sufficient without indicating what the Department of National Defence is going to do in order to make deeds accompany the government's words.

Some reference was made yesterday to the western European union. I am sorry I have not the exact clipping from the Winnipeg *Free Press*, but I have a copy here of what they had to say about this. That paper has a reputation for the close study it makes of external affairs. They say:

> In the event of conflict, will United States troops fight with them? Truman didn't say so. We haven't said so. Russia still does not know whether the free world would instantly unite to resist aggression, and in two world wars it was this uncertainty, this prospect of disunity among intended victims that encouraged the aggressor to gamble on an easy victory.

In discussing Palestine that paper went further and said:

> Both the commission and the assembly violated the first rule of statesmanship, that policy should never be allowed to outrun resources.

So far as this party is concerned, we approve what has been said with respect to supporting the western union. In addition we should do some international fire-ranging in places where small conflagrations break out, because that will be cheaper in the long run than waiting until the fire gets out of control. Government policy with respect to that should be carefully considered.

I want to go one step further and indicate that despite the semi-political paralysis of the united nations, and despite the fact, as was so clearly put by the hon. member for Vancouver East (Mr. MacInnis) a few moments ago, that it has failed to live up to the glamorous expectations of San Francisco, nations must not cease trying to find some effective collective formula of lasting peace so that the privations, suffering, distress and death which war has brought to millions of families shall not have been made in vain.

What is the situation now? Soviet foreign policy is a definite and a positive program. While we along with Russia were fighting a war, Russia on its own was blue-printing a Eurasian peace. By this peace Russia has brought under her dominion Manchuria and part of Korea in the east and a number of countries, ranging from the Baltic to the Adriatic, in the west. At Greece and the Dardanelles Anglo-American diplomacy has made a definite stand. All this additional territory is under Russian domination because of the strength and strategic position of Russian armed forces—and I underline "Russian armed forces".

How far has the world gone down the road of gradually abandoning most of the ideals stated in the Atlantic charter and what were the causes that led us to our present position? Was not our early policy of virtually complete surrender to the demands of one nation, namely Russia, a major cause? Has Canada ever asked why Lithuania, Latvia and Estonia are not entitled under the Atlantic charter to have their sovereign rights and self-government restored? Is the virtual occupation of large sections of the Baltic-German and Polish territory and the effective domination by force of Austria, Hungary, Bulgaria, Roumania, Yugoslavia, Czechoslovakia and a large portion of Manchuria consistent with our announced purpose in the Atlantic charter? Beyond this extended Soviet empire the Soviets operate by the familiar fifth-column methods employed by dictator states. Clearly this continent becomes the effective centre of resistance to Soviet expansion.

It is even more absurd now to talk of hemispheric isolation than it was formerly to talk of North American isolation. The core of resistance will be the British commonwealth and empire, the United States, and such other countries as are able to escape Soviet absorption in the initial stages of a world war. Articles 51 and 52 of the united nations agreement open the door to the new diplomacy to which we in Canada will doubtless subscribe in some concrete way in due course.

An important example of the collective security this article envisages is to be found in the mutual assistance pact made on March 17 last. I so well remember, as do so many of us who were at the San Francisco conference, the discussions which took place and the long hours we spent with respect to the inclusion of those articles in the San Francisco charter. Little did I think in any event—perhaps some were more far-sighted than I—that in another three years we would be relying on articles 51

and 52 as one of the means by which free nations would gather together in the hope of stopping the aggression which has been so noticeable of late. In connection with that mutual assistance pact the Prime Minister (Mr. Mackenzie King) said in this house on the day it was signed; and this was repeated yesterday but not extended by the minister of external affairs:

> The peoples of all free countries may be assured that Canada will play her full part in every movement to give substance to the conception of an effective system of collective security by the development of regional pacts under the charter of the united nations.

It is important that this parliament should know just precisely what the Prime Minister means by those words. This diplomatic language does not mean much to the average man on the street. It is still more important that the government of Soviet Russia should know what he means. The Prime Minister should speak boldly and tell our people what the score is in that connection, and I am quite sure that at an appropriate time he will.

Had the dictators been given any substantial reason to believe in days gone by that there were mighty forces in the free world that would rise against them, they might have hesitated before launching the last world war. A policy of firmness means likely peace. A policy of hesitation and infirmity means possible war.

Canada's position should be made clear and her armed services—I want to emphasize this —should bear a reasonable relationship to our population and economic strength. It may well be dangerous in the extreme for us to have let our forces remain at something less than 35,000 altogether. If Russian aggression is halted—and there is every reason to hope that it can be—there still remains the need to remain firm and strong so that an effective role can be played, having regard to our resources, in maintaining peace.

I now come to another subject, and that is the British commonwealth of nations and the empire. In the maze of international developments, Canada must, more than ever before, recognize the vital, long-range importance of intensifying our interest and vigorously promoting the building of a more influential and powerful British comity of nations. Canada, as the senior dominion, has a challenge and an opportunity of leadership which she must exercise. There is every prospect that in the days which lie ahead, be they near or far, this Canada of ours will not be just a part and a unit of the great British commonwealth of nations and empire but will become the very centre and core of that great British commonwealth and empire, and we must chart our course with that definite possibility in mind.

The present international crisis has inevitably thrown our powerful neighbour to the south and ourselves together in a way unparalleled in our history. That being so, our independence and our general position in world affairs will be enhanced and strengthened if our relationships with the units of the commonwealth are proportionately strengthened at the same time, and may I add that that will be underlined by the normal wishes and desires of that great republic to the south as well as of our own. The commonwealth, it stands to reason, is stronger as a group than the units can ever be separately, and stronger, too, in our dealings with other countries. There is nothing incongruous between the building up of our relationship with the United States and other freedom-loving countries in the world, and the simultaneous strengthening of our commonwealth position at the same time. From our own point of view and our own security and independence they must go hand in hand.

I come to one other suggestion. We have talked from time to time about not desiring to make the commonwealth too rigid. I have always held strong views with respect to that. As the minister of external affairs so very well said yesterday, this commonwealth cannot be static. No such growing and developing organism could ever be static or still, and when she is developing she should not have to do it in a strait-jacket. That I think is the answer so far as the commonwealth and the empire are concerned. We do not want the kind of ties which snap when growth and development take place. What we want is the kind of ties of sentiment and desire and patriotism which, as the bonds become looser, become even tighter in the process.

One thing that I think we can all readily agree upon as being one of the great unifying influences in the commonwealth and empire is that of the crown, Their Majesties the King and Queen. Let us not forget that the visit of Their Majesties to this country in 1939 had a compelling effect upon the whole outlook of this nation. Reports from the Union of South Africa which reach us bear a similar tale. Plans are now being made for the royal family to visit Australia and New Zealand. This may be regarded as a bridgehead for a future development which I should like to suggest to the house in all seriousness. His Majesty is king of Canada as he is king of all the other sovereign states within the commonwealth and empire. In my opinion Their Majesties, if the physical strain is not too much, should divide their time on some

reasonable basis so that every unit of the commonwealth may have a more equal share of Their Majesties' time and help. It would have a salutary effect upon commonwealth and empire unity; it would take the place of many of the suggestions which have been made from time to time to bring the empire closer together; it would have a stirring effect upon the unity of the various nations, to which they went, and would indicate the importance of the various nations of the commonwealth which nothing else can do, because the commonwealth's greatest sentimental unifier today is the crowned head of that commonwealth and empire.

As I pass along I want to say a word with respect to the united nations organization. It takes no professional observer to gain the inescapable impression that the public has lost a great deal of its confidence in the once glamorously launched united nations. The two complementary features of this great venture in peace, that of making and of enforcing decisions, once they have been made, have not turned out as people were lead to believe and expect. There has been plenty of discussion—perhaps too much—plenty of propaganda, particularly from one totalitarian state, and the assembly in many instances turned out to be a sounding-board for conflicting ideologies, with little seeming effort really to get down to brass tacks on peace and do something about it.

May I pause to say this. One of the things I was afraid of—and I mentioned it in this house at the very beginning of our discussions when the united nations was set up—is this. I was afraid that somehow or another, unless the heads of the nations all over the world, and particularly the heads of the great and major powers once in a while would put in an appearance at the united nations organization general assembly or security council, it might easily develop into a kind of debating society, which in many instances it has, because never since the united nations organization has been set up has there been any meeting of the supreme heads of all the nations at any united nations organization gathering. I think that is a pity. I admit that, so far as our own country is concerned, our Prime Minister did not sin in that regard, but in many other instances that is so, and regrettable.

The security council, that great protective lion which we were told would show every nation of the world that world forces were there to ensure that a threat would stop as a threat and not develop into a war, has suffered almost from its beginning from sleeping sickness and political paralysis. It has proven to be dangerous to have any organization which makes decisions and then fails to enlist sufficient power to carry them out. What good is a court in our land which makes decisions and has nobody to carry them out once they have been made? Better not to have any court; perhaps it would be better not to have a judgment because the two go hand in hand.

Instead of a world police force, the best that has been proposed so far is just a sort of international truancy brigade which would take care of some little fellows in the world. But what good is it to take care of the little fellows? The little fellows do not start and maintain a world war. You must have something bigger and greater than that. I must say this; and I am glad the Minister of National Health and Welfare (Mr. Martin) is in his seat. Whatever may be said with respect to the united nations organization, in the social and economic field not quite the same extensive or intensive criticism of the organization's work can be made. Some progress and development have actually taken place there, and I want to pay tribute where tribute is due.

In concluding my remarks with respect to the united nations organization, I have this suggestion to make. This country, along with those of our friends who are interested, should take the lead at once to shake up and reform this whole united nations organization and call for a clarification of its objectives and aims, and then, having defined them, proceed to call for a simplification of the complicated and clumsy machinery which creaks and groans under its own weight in international affairs. In my opinion the united nations organization has become all clogged up; it is too top-heavy and is dealing from time to time with other things that are not helping peace or helping to re-establish its position in public confidence. The re-establishment of public confidence in the united nations is a "must" if we are to continue to participate in it. I do not think it is too late to do that. If we let it run on too long we may find that we are in a position where it is "too little and too late" in all that we do.

In my closing remarks I wish to say this, Mr. Speaker. I believe that fifth column international politics made the united nations unworkable, because it is not to be expected that co-operation and wholesome understanding can result when you know that the man sitting across from you at the international table may be directly or indirectly a party to setting fire to your home while

you are away. That is putting it pretty plainly and simply; but as a matter of fact, it is a simple problem and I think it deserves simple language. I must confess that nothing made my blood boil quite so much since I entered public life many years ago as to hear read in this House of Commons the words of a man who was in public service who said that he owed a higher loyalty to some country other than the Dominion of Canada. I never got over that. That is a thing that has seared into my soul and will remain there as long as I live. I cannot have regard for people who have opinions such as that.

I want to say this as well; and this is rather tough language, perhaps, but I think I must say it. The Soviet union and the international communists who are trying to infiltrate into every part of the world, so far as Canada is concerned, yes, and other countries as well, have behaved like less than exemplary neighbours, and that kind of neighbour never built a good community, whether it was a world community or otherwise. I said it when I made a speech on external affairs last year and I repeat it now. Many of us who lived on the farm can look back. We knew what constituted a good neighbour. The good neighbour was the chap who lived next door to you and came to your help when you were in trouble and, when you were in distress, was always there to lend a kindly hand. He would not be regarded as a very good neighbour who from time to time used the hired man on your farm, if you like, to try to change your whole order of business and who interfered with your household as well. That is not neighbourliness. Therefore I say to you, sir, that while the espionage trials told only part of the story in Canada, it was sufficient to demonstrate that we must keep a close eye on a nation, even though officially friendly and in good standing, which has proven—and I am sorry to say this—to have been an international porch climber and a diplomatic Peeping Tom. Those are strong words, but I mean them because I consider them appropriate in the circumstances.

Because of that, I want to make this new suggestion. In view of the fact that there is a cominform, that there is an international movement which has its headquarters in the Kremlin in Moscow, reaching its long fingers into the various governments and into the very fabric of society in the nations of the world, while that is going on, we must review the rules which were formerly made with respect to the diplomatic exchange of representatives between nations. I am not satisfied to allow the present system to continue unchanged. I think the temptation, shall I say, is too great where there are in a nation representatives of an ideology which is so completely different from ours and which is, in addition, so aggressive and wants to change our system to theirs. When there is an embassy here and when there are supporters of that particular policy abroad in our own country, the temptation becomes too great. Because of that temptation, I think in the interests of safety we should alter the rules with respect to our diplomatic representation exchanges.

Nations are spending billions upon billions to see that the aggressive communist offensive shall be stopped in its tracks outside our territorial limits, and rightly so. But is it any more of a danger 2,000 miles away than it is right here at home? The two are linked up together, and it is time for this government, this parliament and our people to "pull up their socks", to use the common parlance of the street, and to bring in legislation that will put communism and communists within our own population in a position where they will not just be martyrs ready to attract sympathetic and sentimental support from the unwary, but where they will be rendered impotent to undermine our way of life.

May I just say one thing to you at this point, Mr. Speaker, at the expense of another moment of my time? Let us not be too hard on the people who have been from time to time among that class of our unwary citizens. Circumstances sometimes dictate strange moves. But I want to see to it that the core which is responsible for enlisting fellow travellers in Canada shall, once and for all, be rendered powerless to continue their work, because those who are at the core of such a movement deserve little from their fellow-Canadians. They should get what they deserve before it is too late for straight-thinking, patriotic Canadians to do it.

I know my time is just about up, Mr. Speaker, but I am nearly through and would appreciate being allowed to finish.

Some hon. MEMBERS: Go on.

Mr. GRAYDON: I would not drive communism underground. It is there now. It has been operating in the cellars of Canada for years. I would legislate, if possible, to dig it out of the subterranean caverns of this country and send its members, its fellow travellers and all who profess to like other countries' way of life better than ours, to places where they will feel at home and where we shall feel safer when they are gone. Let us not be optimistic ostriches when the red menace is all about us

The days of Pollyanna are not appropriate when these people are among us. There comes a time when you have to fight fire with fire.

Many legislative suggestions have been made with the object of dealing with the communistic cancer in Canada, all of them put forward in perfectly good faith. One may perhaps sum up the situation in the simple words I heard a farmer use not so long ago. He was looking at the question of communism quite simply. He said of the communists, "I do not know whether we should outlaw them, 'inlaw' them, or what we should do. I am not a lawyer. All I know is that what I want to do is to get rid of them". I think that sums up the general opinion of the ordinary people across Canada with respect to what they regard as the necessary thing.

I should like to see the dominion and provincial attorneys-general sit down around a common table at once—surely they can get along for that length of time—and draft something that will, within our concepts—and I emphasize that phrase, "within our concepts" —and our principles of democracy, put big, shiny, sharp, white teeth into our Canadian laws which will tell all fifth columnists of the communist movement in Canada, in unmistakable language, that they have only three choices from now on: (a) go to that economic and political paradise which they say exists behind the iron curtain, and stay there; (b) be dealt with in the courts of our land and take the consequences; or (c) drop this whole dangerous, unfair, domestic offensive and become good Canadian citizens again. The latter is what I hope and trust will eventually take place; because if trouble arises on the international front—and God forbid that we shall ever see it again—we cannot afford to have people lighting fires at our back door while we are extinguishing them at the front.

We should concentrate on maintaining the liberty and freedom of the loyal citizens of Canada. We must remember that the loyal citizens of Canada have some rights. We ought to see to it that their safety and that of their families is ensured, and that they are put first in our consideration.

In closing, may I say that there are three fronts upon which the advance of communism must be met and defeated: on the international front where Russia and her allies must be eventually told where the danger line is drawn; on the fifth-column front in our own land where the law must have sufficient teeth to deal with those who seem to know no other language than force itself; and on the home

political and economic front which, in the final analysis, is the one I regard as being the most vital of all.

A defeat for Russia on the war front or the dealing with communist sympathizers at home still falls far short of ending the communistic menace to the world. This nation and her peoples—this has been said often before, but I say it again because I believe it wholeheartedly and with all the conviction I can summon to my command—must improve immensely our democratic methods and raise the standards of our way of life, so that the onlooking millions of sceptical—and I underline and underscore the word "sceptical"—world spectators, who are making up their minds right now which way to go, will see clearly that that keystone in the arch of world peace—economic and social justice for the mass of our people—can best be secured and preserved under a system where the maximum of freedom of the individual exists along with the minimum of state regimentation and control—a freedom that communism denies; a freedom that democracy gives.

The teeming millions of the world's masses are unmistakably on the march for a better, fuller and more abundant life. They are going to either communism or democracy to get it; but I want to say to my colleagues in the House of Commons that wherever they go to get it, make no mistake, they are going to get it. Armed force alone will not settle the question. Ideological crusades are not blocked by the forces of even modern warfare. The march goes on, not alone in the fields of Europe and Asia but in the minds of men all over the world. The march ultimately can be arrested only when we demonstrate to them that behind this temporary face of force—and I repeat, this temporary face of force—lie the benevolent, kindly heart and hand of a democratic people which genuinely desires to see a square deal for all; and when we say "all" we mean exactly what we say.

That way, Mr. Speaker, lies progress. That way lies prosperity. That way lies security. That way lies peace.

Mr. BONA ARSENAULT (Bonaventure): Mr. Speaker, we on this side of the house are particularly happy because of the strong stand taken in this chamber yesterday afternoon by the Secretary of State for External Affairs (Mr. St. Laurent) against communism and communist activities throughout the world. We were also pleased to see the leaders and spokesmen of the opposition parties throw their spontaneous support behind the minister's statement of government policy with respect to

foreign affairs, and more especially in regard to the official announcement of Canadian support for the collective security pact among the western democracies within the framework of the united nations. The participation in this debate of the hon. member for Peel (Mr. Graydon) was also a valuable contribution; and of course I am perfectly satisfied that no part of his address was intentionally designed to be used as propaganda in the coming Ontario election.

I do not wish to take much of the time of this house in participating in this important debate. I am far from pretending to be an expert in these complicated matters of international relations; nevertheless I should be quite satisfied with myself if I could succeed in expressing a few ideas representative of some of the points of view of the man on the street, who, in the last analysis, is the one who pays the price for war and the one who is called upon to pay the price for peace.

We learn from history that from time immemorial generations of men of different racial origins in all countries of the world have sought methods of preserving peace. For thousands of years nations have brought their wars to an end by the signing of treaties designed by men with the object of establishing permanent if not perpetual peace. Yet up to our time war has never been abolished as a means of settling international disputes and differences between nations. We participated in the first world war on the assumption that afterwards the world was to enjoy an unlimited period of peace. The first world war did not achieve the objective of establishing a lasting peace. During the greatest struggle of all time, world war II, which was imposed upon the free democracies of the world, we were told repeatedly that this time everything would be settled forever. It did not settle anything. At least in 1918, at the close of the first world war, the world seemed ready for peace. Today we find such a state of confusion in international relations that one must reach the conclusion that the nations of the world seem ready neither for war nor for peace.

From the point of view of a multitude of Canadians, lasting peace seems further away at this moment than at any time since the close of hostilities; and a great many think it is beyond our grasp. We live in an atmosphere of instability, insincerity and insecurity. Obviously the fault lies somewhere. But it is no contribution to the solution of this crucial problem merely to say that the fault lies with the other power, with the other country, and let ourselves drift into the unknown without attempting to do something to remedy the situation.

Owing to its strategic position and its economic importance, our country of Canada can play a greater part in the establishment of lasting peace, and has as much responsibility, as, if not more, for pursuing that objective and aim, than most countries of the world. We stand here in the centre of a great struggle. In one way we are the shock absorbers of a gigantic clash between two ideologies, and perhaps I might add, between two shapes of imperialism. There is a war, a cold war, now being fought on ideological grounds. Let us admit to ourselves that the two great goals at the opposite ends of those grounds are imperialism. They belong to the U.S.S.R. team, we belong to the British-American team.

There are some who advocate the suppression of communism by waging another world war. This suggestion finds scores of sympathizers, even in the province of Quebec. I feel that this is entirely wrong, and for various reasons which seem obvious, one of the reasons being that no philosophy has ever been seized and destroyed by war. One cannot destroy a philosophy; one cannot destroy a single idea in this world by the use of bullets; and it will never be done even by the contribution of the frightful power of atomic bombs.

The only possible cure for the discontent found amongst people living under our system of democracy, here in Canada or outside in the world, is to make this democratic way of life work so well that its superiority cannot be challenged, either here in Canada or in any other democratic nation. The only way an idea can be killed is to bring along a better idea.

We have here in Canada political freedom and an immense heritage of wealth. Let us first secure for our country as a whole, and for the people living within the boundaries of this nation, a full measure of economic freedom, as well as a full measure of social security. Second, let us contribute our full share, in order to spread, through our moral and material assistance, this priceless economic freedom and social security to the other nations of the world, which are in such need of our Christian, charitable help, in this crucial period of the history of mankind.

We have paid a terrible price through our participation in two great world wars. We have just paid the price for a most devastating total war. That should be enough. Unless we are ready to take the inconceivable risk of

diving blindly into a third world war, which could be a final catastrophe engulfing the whole world, with frightening consequences, let us now be prepared to pay the price for a total peace.

Let us have the courage to tell that story to our constituents, to our own people; and let us have enough brains to talk less about the possibility of participating in a third world war, as a means of destroying communism and restoring a Christian order of charity and justice throughout the world.

Obviously, between the ideologies of Soviet Russia and those of the United States and of the British commonwealth, there is just as great a gulf as existed in 1939 between the allied nations and Hitler's Germany.

But until all countries learn that each nation must be allowed to have, without outside pressure, the ideology it likes best, there can be only very much restricted common ground for the discussion and solution of other problems. We fear that the communist states have not yet learned this; and that is precisely what makes the present position of the world so tragic.

Owing to these exceptionally sad circumstances, and in order to help avoiding a third world war and to promote an enduring peace, we must at all costs, along with the other peace-loving free democracies of the world, be united behind policies designed to promote our own common interest and to safeguard their security as well as our own.

Furthermore, in the councils of the nations we must throw all our weight behind the idea that no peace can be lasting, unless it is established on the natural rights of all countries of the world to equal economic opportunity, whether that country be France, China, Italy, Spain or even Germany.

So long as any one nation, whether it be the United States or Russia, possesses a monopoly over natural resources or raw materials which are needed by all nations, there can be no sound basis for a world order based on justice and on peace. So as Canadians let us start out this peace planning properly, by first establishing, in as great measure as we can, economic freedom and social security for the benefit of our own people, and, second, by contributing our share to bring about the fullest collaboration between all peace-loving free nations of the world. Let us do this to help toward the establishment of equality of trade conditions among all countries, in order to improve the standard of living conditions, national and individual economic advancement and social justice for all people of all nations.

[Mr. Arsenault.]

Another world war, fought with atomic power and modern war equipment, can only mean almost entire destruction of our present civilization. That is the threat which lies in front of each one of us, unless we are ready to pay the price for total peace.

Our democratic Christian philosophy teaches us that man is not made for war, whether it be war between nations or war between classes. It further teaches us, not that war is inevitable, but rather that peace is inevitable if we would only recognize that all men are brothers, and that God is their Father.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, I have listened with great attention to the speeches which have been made in this debate, and first I should like to congratulate all those who have spoken before me. I give them credit for their sincerity and I hope they will credit me with a like sincerity. The other day I listened to a broadcast from Lake Success and the speaker said that the time had come for plain speaking. I intend to speak plainly this afternoon.

For the purposes of this debate I shall recognize no political party as such, not even my own. For me there are only two kinds of people to be considered when dealing with external affairs. There are those whose first loyalty is to Canada, a sovereign state within the sovereign nations of the British commonwealth, and there are those whose loyalty is to something outside Canada and the British commonwealth. I do not care what they call it, but anyway it is a loyalty which is given to something outside Canada and outside the British commonwealth of nations. Whether these internationalists like it or not, all communists and all pink fellow travellers are among those who give their loyalty to something wider than the country in which they happen to live. I do not say that all internationalists are communists, but I do say that all communists are internationalists. It seems to me that the education of those internationalists who are not communists has exceeded the scope of their intelligence.

The real threat of communism to this country and to all other countries at the present time does not come directly from Russia, nor does it come from outside the country or from the members of the communist party within the country. It is not the Tim Bucks who constitute the threat to this country. Although I disagree violently with their ideas, I have some measure of respect for those men because at least they have the honesty to say what they are and what they stand for. The real threat and danger to Canada and to those other countries which still preserve their freedom

come from those people who talk freedom when they are secretly plotting to bring about the tyranny of communism.

Reference was made the other day by the hon. member for Temiscouata (Mr. Pouliot) to an editorial which had appeared in a Vancouver paper, and I believe also in a Winnipeg paper. Along with me the editor referred also to the hon. member for Macleod (Mr. Hansell). Of course the editor brought me into it as usual as having indulged in anti-Semitic diatribes. This is the communist smear and it is always used by them. To my knowledge the hon. member for Macleod has never so much as referred either to Jews or even to the Zionists, and yet as soon as he names these fellow travellers he is smeared with anti-Semitism in the press.

The press has marked my activities ever since the occasion in this house six years ago when I denounced a certain newspaperman who had publicly advocated the surrender of the sovereignty of this country to something wider than Canada and wider than the British commonwealth of nations. From that day to this, everything that I have said has been twisted or ignored by a large part of our press.

Communism has been spread internationally by the secret agreements which were made during the war and since the war, and I refer to Yalta, Teheran and Potsdam. Through those agreements which were secretly arrived at, the greater part of eastern Europe was delivered into the hands of the communists. Greece and China were partly betrayed and would have been fully betrayed had it not been that the authorities awakened to the danger of the communist threat.

I remember defending in this house the British policy in Greece when Great Britain stepped in there to stop the communist revolution. At once I was assailed as a fascist and the British were condemned for their imperialism and attempting to restore discredited monarchs and reactionary governments. I said I would not mention any political party, but that was the statement made by the hon. member for Rosetown-Biggar (Mr. Coldwell). I presume he spoke for his party, but anyway that was the line he took.

Then there was the betrayal of Mihailovich. He was sold down the river and his country was delivered into the hands of Tito. I stood in this house alone when I defended Mihailovich, an honourable man who had stood by us all through the war. But under political pressure he was turned aside and Tito was adopted for purposes of allied support.

An extraordinary incident came to light recently through the publication of the memoirs of Mr. Cordell Hull, former secretary of state of the United States. He tells us in his diary what took place in September, 1944, at the Quebec conference:

I said bluntly to the President that Morgenthau's plan—

It was the Morgenthau plan that was adopted at Quebec.

—was out of all reason and that no experts or officials of our government had had anything to do with its preparation. Morgenthau's plan, I added, would wipe out everything in Germany, except land, and the Germans would have to live on the land. This meant that only 60 per cent of the German people could live on German land and the other 40 per cent would die.

I concluded that I was satisfied that the British at Quebec had joined in on this extreme starvation plan in order to get Morgenthau's help in obtaining the six and a half billion dollar credit proposed by the secretary of the treasury.

That is the statement of the former secretary of state of the United States, and in this connection may I refer to the remarks of the leader of this group in the house last night when he called attention to the power of international finance? Here is one example of it. In plain English, in order to get the loan the British had to sign on the dotted line. I called attention to that in this house in August, 1946. I knew nothing, of course, of the secret agreement reached at Quebec, but I had this to say of the policy that was becoming evident in Europe:

Mussolini and Hitler are dead, and the war in Europe ended over a year ago. But the people of Europe are more hungry and more miserable than they were during the war. What is the reason? Famine can result from a lack of harvest or of transport; it can be imposed deliberately for political purposes. For political reasons German fertilizer plants which formerly supplied European farmers have been destroyed. No locomotives can be built in Germany until 1950. Stalin took the only food surplus area in Germany and now, as the socialist *Daily Worker* says, food is an international political weapon.

When we blame conditions in Europe for the spread of communism let us remember that many of those conditions were deliberately and designedly brought about to spread communism wherever possible. That is one instance that bears out what the hon. member for Peace River (Mr. Low) said last night in reference to international finance.

I now want to say a few words about Palestine. First of all, I should like to pay a tribute to those British soldiers and policemen and civil administrators in Palestine

who, through all these years, have borne the brunt of savagery and gangsterism, many of them unarmed but shot in the back, even hanged and then turned into booby traps. That has been their lot, and their reward has been to be smeared as brutal, even as brutal as the Germans. I have witnessed that on more than one visit to the United States. I have seen and heard anti-British propaganda there which would make any Briton's blood boil. Zionists have even sent their agents to this country to deliver addresses in Canadian cities where they have made the most disparaging statements about the behaviour of the British in Palestine. In my opinion no soldiers and no policemen ever acted in a better or in a more humane way than the British have done in Palestine, and I want to make that clear.

I have not time to go into the Palestine question except as it bears on the peace of the world. As hon. members know, I have been opposed to political zionism almost since I have been a member of this house, and I have never hesitated to state my opposition to it and the reasons for doing so.

Speaking in Montreal in July, 1946, the hon. member for Winnipeg North (Mr. Stewart) said:

> "Many people think the British Labour party is allied with the C.C.F. party in Canada, but that is not so. There may be some similarity as to certain points, but the C.C.F. could never ally itself with a government that had broken a promise such as that to the Jews in Palestine." Politics of this sort, he said, were not within the spirit of socialism.

I deny that the British have broken any promise to the Jews in Palestine or anywhere else. The Jews have had better treatment from the British than from any other people. The hon. member for Winnipeg North went on to urge the immediate entrance of 100,000 Jews into Palestine, and the newspaper report says:

> Mr. Stewart ridiculed the idea that such immigration would lead to an Arab revolt.

Now see the tragic consequences of that policy; but when I pointed out in this House of Commons and elsewhere the inevitable consequences of Zionist policy I was immediately attacked by the press, by the C.B.C. and everywhere else as anti-Semitic.

I should mention a letter which I received in 1945 from the president of the Canadian Zionist League, in which he said:

> I do not think Arab threats directed at Great Britain, the United States and other members of the united nations organization should be taken too seriously. They are a species of blackmail from a primitive people by which they have profited in gold and various concessions in the past. Threats of violence have been the Arabs' most profitable stock in trade. How much longer are the great powers going to appease them? There is no doubt that a policy on Palestine agreed upon by the United States, Great Britain, and the other united nations will be one to which the Arabs will be forced to adjust themselves.

Force, not justice! What is the consequence of attempting to force a decision which itself was arrived at under pressure? The world is now faced with another world war, because war has started and, like a fire in a forest country, who is to say when and how it can be put out?

The British having withdrawn and having refused to participate in any program that is not accepted by both the Jews and the Arabs, and having refused to take part in any solution which needs the use of force, and the United States, for reasons of its own security and for reasons of preserving the peace of the world, having turned its back on partition, the Zionists turned their denunciation on the United States government. Here is a statement from the New York *Post* dated February 25, in which Rabbi Baruch Korff had the following to say of the present United States government:

> This generation will have to answer to the generation that will inherit the mess of chicanery, the diabolical treachery, with which we govern our allies and friends, and constantly undermine the noblest of traditions which made America the land of the free. I cannot but look upon the shameless cycle of deceit as pure and simple anti-Semitism—no oil, no gold, no imperialism, but plain everyday anti-Semitism, incorporated in the hearts and minds of those who govern free America in 1948. This type of anti-Semitism, which is today wrecking the lives of wretched souls—survivors of Auschnitz and Dachau—is even more dangerous than the venom of Hitler, because this form of anti-Semitism is wrapped in the stars and stripes of free America, camouflaged in the words of Austin: "The council's action . . . is directed to keeping the peace and not to enforcing partition."

Again in the New York *Post* the following editorial appears which refers to President Truman as trying to kill the united nations, and reads as follows:

> The President has no mandate to kill the united nations, however convenient this method of appeasing Arabia and Great Britain may seem to the men of power who are heedless of honour.

The United States government is now indicted as anti-Semitic because it puts the interests of world peace before those of the political Zionists.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

ELIZABETH FRANCES MARY LIDDLE MCCLELLAND

Mr. RALPH MAYBANK (Winnipeg South Centre) moved the second reading of Bill No. 146, for the relief of Elizabeth Frances Mary Liddle McClelland.

He said: May I include the other similar bills in my motion. There are several of them one after the other; they are bills for relief—marital appendectomy, I think they call it.

Mr. DEPUTY SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. LaCROIX: On division.

Mr. CHURCH: May I ask the mover of this bill what the policy of the government is for this session regarding divorce? Has any committee on divorce reform been appointed to investigate these matters?

Mr. DEPUTY SPEAKER: Order.

Mr. CHURCH: On second reading the principle of the bill is involved. I merely want to ask one question. What is the policy of the government this session on these various divorce bills?

Mr. MAYBANK: Since the question has been asked of me as mover of the bill, may I say that the answer is that I do not know.

Mr. KNOWLES: That is the same answer the government gives.

Motion agreed to on division, and bill read the second time.

SECOND READINGS

Bill No. 215, for the relief of Ella Margaret McLaughlin Baisley.—Mr. Maybank.

Bill No. 216, for the relief of Mavis Aurelia Leney Ogilvie Walker.—Mr. Maybank.

Bill No. 217, for the relief of Joanna Wright Farrell.—Mr. Maybank.

Bill No. 218, for the relief of Margaret Patricia Jones Gavey.—Mr. Maybank.

Bill No. 219, for the relief of Selma Rattner Fridhandler.—Mr. Maybank.

CANADIAN MARCONI COMPANY

Mr. F. P. WHITMAN (Mount Royal) moved the second reading of Bill No. 205, respecting Canadian Marconi Company.

Mr. CHURCH: Explain.

Mr. WHITMAN: This is a simple little bill, Mr. Speaker, and should not take up much of the time of the house. The Canadian Marconi Company was incorporated by statute in 1903 and has only the powers given to it by that statute. If it were to become incorporated today it might be under the Companies Act, and it would then have the powers which are asked for in this bill. There is nothing further that I can add. If hon. members will read the explanatory note, they will find all the information given there.

Motion agreed to and bill read the second time.

BELL TELEPHONE COMPANY OF CANADA

The house resumed from Friday, April 23, consideration of the motion of Mr. Rinfret for the second reading of Bill No. 8, respecting the Bell Telephone Company of Canada, and the amendment thereto of Mr. McCullough (Assiniboia).

Mr. T. L. CHURCH (Broadview): I wish to call your attention, Mr. Speaker, to one fact in connection with this bill.

Mr. DEPUTY SPEAKER: Order. I should say that a point of order was raised toward the close of the debate on this bill last Friday, and I feel that the Speaker should give a ruling on the point of order as soon as possible. In fairness, though, to all concerned I think I should hear limited debate on the point of order which was raised. If any hon. member would like to speak briefly on the point of order, I shall be glad to hear him.

Mr. CHURCH: I wish to call your attention, Mr. Speaker, to one fact that you probably have not noticed. I am in favour of referring this bill to a committee as soon as possible, but in the past the same question came up with regard to private bills. What is the policy with regard to our rules and regulations relating to public bills as compared with private bills, and the principle of them? This matter came up on March 14, 1927. I shall take only two or three minutes of the time of the house because I believe this bill should go to the committee as soon as possible. I wish, however, to call your attention to the following citation from May, fourteenth edition, at page 901:

> The second reading of a private bill corresponds with the same stage in other bills, and in agreeing to it the house affirms the general principle, or expediency, of the measure.

You will notice that Beauchesne refers to public versus private bills, as to whether or not the principle is adopted on second reading. This matter came up and was raised by me then, on March 14, 1927, on a private bill concerning the Georgian Bay Canal Company, under which the whole Ottawa valley,

with respect to light, power and transportation, was to be given to a private company, a monopoly. Why, if that had gone through we never would have been able to take over the railway or to secure cheap light and power for any other public utilities. Mind you, I am not objecting to this bill being sent to a committee immediately so that it may be considered and revised there, but I want to point out the citation which was quoted at that time, namely citation 657, Beauchesne, third edition:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill, or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

So you see there is very little difference, on the principle of our bills, between a public and a private bill. We are deciding the principle of the bill on this second reading. I call Your Honour's attention to that fact, from May, on the principle or expediency of it, and the house is thus committed to it.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to say a few words with respect to the point of order raised by the hon. member for Outremont (Mr. Rinfret) a week ago tonight. At the outset I must say I was amazed that the hon. member should have taken advantage of the opportunity to speak to this amendment for twenty minutes and then call on Your Honour to rule it out of order. However, he chose that course and indicated, at page 3282 of *Hansard* for last Friday, that in his view there were two objections to the amendment moved by my colleague the hon. member for Assiniboia (Mr. McCullough).

In the first instance, on the page to which I have referred, the hon. member quoted from citation 769 of Beauchesne, third edition, which indicates some difference between public and private bills, and said that, in the light of this citation, the amendment was meaningless. His whole case as far as that point is concerned was based upon the alleged difference between public and private bills; and on that basis he contended that we should not be amending the bill or opposing second reading, because it was only a conditional approval.

The second point raised by the hon. member is also indicated on page 3282 of

Hansard, where he said that the amendment now before the house was meaningless because—

> . . . it would mean that we amend the Companies Act in a private bill.

That was an interesting comment for the hon. member to make, to say the amendment was meaningless and then turn around and give its meaning. However I wish to deal with the two points the hon. member raised.

The first point was that there is a difference between a public and private bill which makes an amendment of this nature, in his view, out of order. The hon. member referred to but did not quote citation 769. The part he referred to reads:

> There is, however, a distinction between the second reading of a public and of a private bill, which should not be overlooked. A public bill being founded on reasons of state policy, the house, in agreeing to its second reading, accepts and affirms those reasons; but the expediency of a private bill, being mainly founded upon allegations of fact, which have not yet been proved, the house, in agreeing to its second reading, affirms the principle of the bill, conditionally, and subject to the proof of such allegations before the committee.

That is the part of the citation which supports the position taken by the hon. member for Outremont. I would point out that he might have read a bit from another citation, 740, which says in part:

> The house, in reading a private bill for the second time, decides that the matter involved is one which may be looked into by the committee.

In the same way citation 770, if you read only part of it, seems to support his position; for it says:

> The house does not profess to decide upon the second reading as to the truth or otherwise of the allegations of fact upon which a proposed bill is based, and in conceding a second reading to a private bill, the house is regarded as merely giving its sanction to its general principle on the hypothesis that the committee to which it is afterwards referred finds those allegations proved.

I admit that not only the citation from which the hon. member quoted but these other two citations, if read in part, seem to support his contention that there is something rather harmless about giving second reading to a private bill. His whole point, as I say, is that it is different from giving second reading to a public bill. But—and this is something one has always to watch—the hon. gentleman did not give the whole of citation 769.

Mr. RINFRET: I did not give any of it.

Mr. KNOWLES: The hon. member did not quote it, but he referred in part to what

it meant. I have quoted for him the part that bears out his point; but if you go on and read the rest of citation 769, this is what it says:

Where, irrespective of such facts, the principle is objectionable—

And that holds in this case.

—the house will not consent to the second reading; but otherwise, the expediency of the measure is usually left for the consideration of the committee.

Now note the next sentence, which states that the second reading of a private bill—

. . . is the first occasion on which the bill is before the house otherwise than *pro forma* or in connection with the standing orders; and if the bill be opposed, upon its principle, it is the proper time for attempting its defeat.

I submit that this indicates that when a bill is exceptional this is the time we have to oppose its principle. Similarly, if I go back to citation 740, part of which I read a moment ago, we find that the concluding sentence states:

It is only in case that an exceptional principle is enunciated that the second reading is refused.

Similarly in citation 770, if you read the last sentence:

It is usual, therefore, to allow a second reading, except where the bill enunciates some principle which the house is not prepared to affirm.

As those who have followed this discussion will readily recognize, we have felt that because it asks for such a large increase in authorized capitalization, this bill is calling upon the house to approve the enunciation of an exceptional principle. Therefore we feel perfectly in order in regarding this stage of this private bill as highly significant. I would go farther and point out other citations which raise a question about the propriety of this being a private bill at all. Citation 744 states:

The boundary line between private and public bills is narrow and has varied at different times. The house has refused to give a private bill a second reading on the ground that it should have been introduced as a public bill.

And in citation 745:

Private bills frequently affect the general or public interests of particular localities; and in some cases, from the extent to which such interests are affected, measures proposed as private bills have been declared unfit for private legislation and the parties have been required to proceed by public bill.

I submit that there is good ground not only for arguing against the position taken by the hon. member for Outremont that to give second reading to this bill is a harmless proposition, but actually that it enunciates a principle so staggering, and it invades a field so close to the public field, that not only have we the right to do everything we can to defeat the bill at this stage, but we also have the right to question its propriety as a private bill at all.

With respect to the other point raised by the hon. member for Outremont, namely, that the amendment now before the house is meaningless, but with the meaning that it would be a case of amending the Companies Act by an amendment to a private bill, may I call Your Honour's attention to citation 657 in Beauchesne, third edition.

This is the basic citation which has to do with an amendment of this type to the second reading of a bill. In my view there is something important at stake here. The hon. member for Broadview (Mr. Church) has just read this citation—at least he read the same words; whether he took it from the same place or not, I cannot say—so I shall not take time to repeat it. However it is there quite clearly, in the words the hon. member for Broadview quoted, that it is competent on second reading for a member to move as an amendment a resolution declaratory of some principle relating to the whole matter then before the house. It is not in order on second reading to move an amendment to the bill itself. It is not in order to move an amendment that is merely a direct negative. It is not in order to attach conditions to second reading. But it is in order, as I say, to move an amendment which expresses some principle related to the circumstances connected with the introduction of the bill.

That is precisely what the amendment does. Without referring to a specific section, the amendment notes that there is a question as to the amount of increased capital requested. The amendment therefore expresses, as a general statement of opinion, that no company ought to ask parliament for an increase in authorized capital in excess of 100 per cent. This bill happens to ask for an increase to the extent of 233 per cent.

The citation from Beauchesne, which the hon. member for Broadview quoted a few moments ago, is to be found at page 390 of May, thirteenth edition. After stating the general right of private members on second reading to move this type of amendment, May gives a considerable dissertation which leads up to this interesting paragraph, which answers the hon. member's point when he states that, to pass this amendment, would be to amend the Companies Act through the process of amending a private bill.

I suggest that it is important for hon. members to take note of this paragraph, because questions are frequently being raised about this kind of amendment to second reading. I quote the following from page 392 of May, thirteenth edition:

It must be borne in mind, however, that the resolution if agreed to—

That is an amendment such as the one now before the house.

—does not arrest the progress of the bill, the second reading of which may be moved on another occasion. The effect of such an amendment is merely to supersede the question for now reading the bill a second time;—

The word "now" is in italics. It continues:

—and the bill is left in the same position as if the question for now reading the bill a second time had been simply negatived or superseded by the previous question. The house refuses, on that particular day, to read the bill a second time, and gives its reasons for such refusal: but the bill is not otherwise disposed of. Such being the technical effect of a resolution, so carried, it need scarcely be said that its moral and political results—

And those are the only kinds of results this amendment can have.

—vary according to the character and importance of the resolution itself, the support it has received, and the means there may be of meeting it, in the further progress of the bill.

Then May goes on to give, from experience in the United Kingdom, cases where amendments of this kind have been before the house. Sometimes they have passed and sometimes they have been defeated. In particular he indicates that, when those amendments have passed, at times it has had the effect of defeating the government, and sometimes it has had almost no effect at all. But in all cases May makes it quite clear that the effect of this kind of amendment is purely moral and political. It does not have any operative effect. It does not amend the Companies Act at all. That suggestion is away off the mark.

Actually, as I say, it merely states the opinion of the house that this should not be done; and even if our amendment were carried—and I hope the house will support the principle enunciated in it—it still is competent for the hon. member for Outremont himself to rise in his place and to move that the bill be read a second time at some other date that he might fix.

I will call his attention, without taking time to read the citation, to Beauchesne, third edition, citation 663, and citation 710 from the same edition. The first has to do with second reading and the other with third reading. Those citations indicate that the defeat of the motion for second reading, whether it be a vote on the motion itself or a vote on an amendment thereto, is not fatal to the bill. It is still in order for the member sponsoring the bill to rise in his place and to move that it be read a second or a third time at a stated sitting of the house.

And so the argument the hon. member puts forth to the effect that this amendment would have the effect of amending the Companies Act by amending a private bill falls to the ground. We have in this amendment, in the terms May has indicated, an attempt to do something which is a private member's right, namely to declare our reasons for opposing the progress of the bill.

I contend that the point which has been raised is a most important one, and relates not only to the bill before us tonight, but to members' rights generally with respect to second reading. I hope Your Honour will see fit to rule that the amendment of the hon. member for Assiniboia is in order.

Mr. DEPUTY SPEAKER: I have listened attentively to what hon. members have said, and I wish to compliment them on presenting their case so clearly. I am, however, faced with certain difficulties.

In the first place, let me say that the statement made by the hon. member for Winnipeg North Centre (Mr. Knowles) that this is the time to accept or reject the principle of the bill, is quite in order. I agree with him in that.

But the question on which I must give a ruling is whether or not the amendment is in order. In that connection I would refer hon. members to Beauchesne, third edition, citation 771, where Mr. J. W. Lowther, who was chairman of committees of ways and means of the British House of Commons, made a statement with respect to private bills. This is what he said:

The rule which the house had generally followed and, he thought, very wisely, had been to allow the second reading of private bills to go through unless any strikingly new principle happened to be enunciated therein, and in such cases the house must pause before it accepts the principle.

At the present time I cannot see that any strikingly new principle is enunciated in this bill. I have no doubt other bills have been presented to the house in which capital has been greatly increased.

The hon. member for Broadview (Mr. Church) and the hon. member for Winnipeg North Centre referred to the fact that on second reading of a private bill the principle was affirmed, and as I have already stated I have no quarrel with that. The hon. member for Winnipeg North Centre added that if the

amendment carried, the bill could be introduced again immediately and be considered this session. I doubt, assuming he is right, if that is practicable at this late stage in the session. Certainly, if the bill had been deferred for three or six months or if it had been rejected, a new bill for the same object could not be presented at this session; reference Beauchesne, third edition, citation 773; for all practical purposes this bill could not be presented at this session. I refer hon. members to Beauchesne, third edition, citation 773. If this amendment carried the result would be to defer this bill at least until another session, which I say would be contrary to the opinion expressed by Mr. Lowther, which I quoted when I read from citation 771.

There is another difficulty with which I am faced, whether in connection with a private bill a general principle should be enunciated which would affect all bills. If the principle which is questioned at this time affected only this bill I do not think I would have difficulty in coming to a conclusion, but the amendment moved by the hon. member for Assiniboia (Mr. McCullough) is in the following words:

> That Bill No. 8 be not now read a second time, but that it be resolved that in the opinion of this house no company—

I emphasize the word "no".

> —should ask parliament for an increase in authorized capital in excess of one hundred per cent.

This principle, if approved by this house, would affect all private bills. I would refer hon. members to the words used by the hon. member for Assiniboia when he moved his amendment, and I quote from page 3058 of *Hansard*:

> I do not refer now particularly—

Note the word "particularly."

> —to this bill, but I say that as a principle we in the House of Commons should give expression to the idea that no company at any time should be granted a capitalization 100 per cent over and above its present capitalization.

I think hon. members will realize from that how far-reaching this amendment would be if it were allowed. May I also refer hon. members to citation 769 in Beauchesne, third edition, the effect of which has been referred to by the hon. member for Broadview (Mr. Church) and by the hon. member for Winnipeg North Centre. It is stated there that on the second reading of a private bill the house affirms the principle of the bill. It has been intimated that there is very little difference, if any, between accepting the principle of a private bill and that of a public bill. Let me read the following words:

> There is, however, a distinction between the second reading of a public and of a private bill, which should not be overlooked.

I ask hon. members to pay particular attention to these words:

> A public bill being founded on reasons of state policy,—

Hon. members will notice the words "state policy."

> —the house, in agreeing to its second reading, accepts and affirms those reasons; but the expediency of a private bill,—

Hon. members will note those words.

> —being mainly founded upon allegations of fact, which have not yet been proved, the house, in agreeing to its second reading, affirms the principle of the bill, conditionally, and subject to the proof of such allegations before the committee.

This amendment, if allowed, would establish new legislation which would affect all bills which will hereafter be introduced into the house and would have the effect of establishing state policy. I think all hon. members, even those who have spoken to the contrary, will agree with me that this house should not establish state policy on a private bill. For the reasons which I have given, I find it necessary to rule the amendment out of order.

Mr. KNOWLES: Although I do not find it possible to agree with your ruling, I shall not take the time to appeal it.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I should like to say a few words in connection with this bill respecting the Bell Telephone Company of Canada. The purpose of the bill as set out in the explanatory note is to obtain authority to increase the capital stock of the company from $150,000,000 to $500,000,000. I want to join with the protests made by other hon. members in this respect.

Before passing on, I wish to congratulate the hon. member for Broadview (Mr. Church) and the hon. member for Davenport (Mr. MacNicol) upon the progressive stand they have taken in connection with this bill. It is an indication that opposition to the bill is not on a party basis. The principles of this bill are being opposed by more than the people of just one party because they realize that the passage of the bill in its present form is not in the public interest.

I did not expect to speak on this bill this evening, but I have been interested in the public ownership of telegraphs and telephones and I have been doing some reading in the

library, particularly the history of the development of the public ownership of these utilities in Europe. During my spare time in the last month I have read some four or five books dealing with the history of public ownership of telephones and telegraphs in Europe. I have been amazed to find out the sound business administration that there has been in a number of countries in Europe in the public ownership of telegraphs and telephones for over a quarter of a century in most cases and for nearly half a century in some.

Quite by chance I happened to dig up a rare book which I would suggest that the sponsor of this bill should read if he wants to be convinced of the soundness of some of our arguments. He should go to the library and get this book when we are finished.

Mr. JOHNSTON: When he is finished with the bill.

Mr. HERRIDGE: Yes. This book is entitled, "Public Ownership of Telephones on the Continent of Europe". It is one of the Harvard economic studies which was published in 1911. This is an objective survey of the public ownership of telegraphs and telephones in Europe. It is not written by people who are professed socialists or professed capitalists. I was amazed, on reading this book, to find out how far in advance of us in this country these European countries are in public ownership. I should like to read briefly from page 14 of this book as follows:

> The spread of the telegraph throughout Europe was rapid once the greater countries had led the way. R. van der Borght, in his treatise "Das Verkehrswesen" gives the following dates of the opening of the various state telegraph systems to the public: 1849, Prussia and Austria; 1850, Bavaria and Saxony; 1851, France, Belgium, Wurtemburg, Baden; 1852, Sardinia, Parma, Modena, Tuscany, Hanover, Holland, and Switzerland; 1853, Sweden; 1854, Denmark and several of the smaller German states; 1855, Norway, Spain and Portugal; 1856, Russia and several of the Balkan States; 1857, the Two Sicilies; and 1859, Greece. In no country were any important lines undertaken by private enterprise. The unanimity of the contemporaneous sentiment which sanctioned the public ownership of the telegraphs was reflected in the deliberations of various parliaments and congresses.

This is an indication, Mr. Speaker, of the sentiment in favour of public ownership many years ago. Yet we in this country, operating as I think one member claimed in the debate on external affairs yesterday, under a system of progressive capitalism, have made a very modest beginning in the public ownership of telephones and telegraphs. I continue the quotation briefly:

> The policy of public ownership of telephones is now established throughout the greater part of the continent of Europe.

An hon. MEMBER: When was that book published?

Mr. HERRIDGE: In 1911. It goes on:

> Only Spain and Denmark, among all the countries which originally declined to adopt that policy, still cling to the alternative of private ownership. The transition has only recently been completed in Italy and is still under way in the Netherlands, Norway and Sweden. In Germany, Switzerland, France, Belgium, Austria and Hungary, however, the governmental monopoly of the telephone business has been exclusive for more than a decade at the least, and in the first two of these countries for a whole generation. What are the results which have been accomplished by public enterprise in the telephone business?
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> Writers on the subject of public and private ownership of such business undertakings as the telephone are wont to compare the magnitudes of the business in different countries under different forms of ownership, with a view to deducing from the statistics of development under each of the two forms general conclusions in regard to their respective expediency.

The argument put forward in this objective study written by a professor of Harvard university is all in favour, from practical experience in many countries, of the public ownership of telephones.

One more quotation:

> In the telephone business competition is a failure. Considered as an automatic arrangement for maintaining an accurate adjustment of the supply of telephone facilities to the demand, it easily gets out of order. So long as it remains in order its effect is to diminish the utility of the service to render which telephone facilities are created. For a while it is capable of bringing about low rates and stimulating a rapid development. Sooner or later, however, the self-interest of the competitors or the disillusionment of the public authorities will cause the termination of competition and the substitution of a regime of monopoly. This has been the result everywhere in Europe where competition has once existed, except in Stockholm, and in Stockholm the bankruptcy of the private company or the purchase of its business by the government is only a matter of time.

And so this book throughout gives definite scientific and concrete evidence in favour of the practical possibilities of the public ownership of telegraphs and telephones. Therefore, Mr. Speaker, in view of the experience of other countries and in view of the nature of our development in this country, in view also of the fact that this bill would make it possible for a large monopoly to increase its capital to an exorbitant extent and would not require it to come before this parliament

for many years and would, in view of the necessity that is approaching, make it very difficult and expensive to acquire control for the purpose of public ownership, I move, seconded by the hon. member for Swift Current (Mr. Bentley):

That the word "now" be left out and the words "this day six months hence" be added at the end of the question.

Mr. DEPUTY SPEAKER: I want to make it clear that if the hon. member for Swift Current has already spoken on the motion it is not competent for him to second the amendment.

Mr. BENTLEY: I have not spoken on the Bell Telephone bill at all, Mr. Speaker.

Mr. DEPUTY SPEAKER: Is the house ready for the question?

Mr. LEWIS MENARY (Wellington North): Mr. Speaker, I should like to say a few words in support of Bill No. 8 to grant the power asked for by the Bell Telephone Company of Canada to increase its capitalization. I believe that the flow of venture capital into private and corporate enterprises should be encouraged rather than curbed at the present time. We have an increasing population, which demands increased productive facilities; also a continuing demand for many scarce goods, and capital is now plentiful and cheap.

I believe that the Bell Telephone Company has given a great service to the people of the Dominion of Canada. One could hardly realize how we could carry on business today had it not been for the invention of the telephone by Alexander Graham Bell. The Bell Telephone Company did a great job for the people of Canada during the war period. What would we have done in the way of communication had it not been for this company? In our town we have a local company that serves the local community and it is connected with the Bell Telephone Company for long distance calls. We have as fine a service as anyone could wish for.

The Bell Telephone Company is a large employer of labour and no men in any other company are used better than its employees or are more loyal. Its employees can look forward to a retirement allowance for their old age, a security that is not provided for by many companies as large as the Bell Telephone Company.

This increase of capital which the company seeks will not come out of our pockets. Anyone can buy its shares on any exchange; on the new capital issue the purchaser will be paid on his investment, and the investment will be safe. There are many people in Canada who will look forward to getting these securities.

I do not see why there is such great opposition to this bill. The company has contributed much to the economy of our country, and I will support the bill.

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, I have not taken half as much time on this question as either the mover of the bill or the hon. member for Calgary West (Mr. Smith), who took exception to private members in the opposition expressing their opinion. It is my understanding that the private members of this house have a duty to perform. I do not think that anyone should attempt to cut them off. Incidentally it is not my intention to talk out the bill; I will stop talking long enough before nine o'clock so that hon. members will have their vote; but there is something that needs to be said, namely, in spite of the attack that the hon. member for Calgary West made upon the members of this group, and the accusations which he threw around a week ago, in the course of his speech he himself admitted that he had not thoroughly read or digested the contents of this bill. I do not think any hon. member who was not conversant with a bill under discussion should attempt to lecture any other hon. members who are attempting to clarify the principle of the bill or to express an opinion on it.

Mr. BROOKS: He has read hundreds of similar bills.

Mr. ZAPLITNY: He should read hundreds more; it would do him a lot of good.

In his speech the hon. member for Calgary West said something very significant. There is a definite danger in these post-war years of allowing monopolies to grow to a size where they begin to threaten the public welfare. We are not alone in this opinion. Hon. members to my right who have spoken on this bill, such as the hon. member for Davenport (Mr. MacNicol) and the hon. member for Broadview (Mr. Church), have expressed exactly the same opinion. I believe that this house should thoroughly and carefully look into these matters in which there seems to be an attempt by half the house to push something through which has wide ramifications. Of course those of us who are in the minority in this house cannot override the majority and will not attempt to do so. We believe in the democratic right of this parliament to take a vote on any question and we shall be content with the outcome. But there will come a time when

the people of this country, who are interested in the public welfare and who are interested in seeing that the public interest is safeguarded and protected, will send a majority to this house who will effectively deal with monopolies in the future.

Mr. SINCLAIR: I should like to ask the hon. member for Dauphin a question. Where did the hon. member for Calgary West say that he had not read the bill?

Mr. ZAPLITNY: If I have to answer that question all I have to do is to refer the hon. member to the speech of the hon. member for Calgary West—

Mr. SINCLAIR: I have just read it over.

Mr. ZAPLITNY: —in which he said that he himself had not thoroughly digested the contents of the bill.

Mr. SINCLAIR: That is quite untrue.

Mr. ZAPLITNY: Just a minute. If the hon. member is going to make that statement he had better quote what the hon. member for Calgary West said.

Some hon. MEMBERS: Question.

Mr. DEPUTY SPEAKER: Is the house ready for the question? The question is on the amendment.

Amendment (Mr. Herridge) negatived.

Mr. DEPUTY SPEAKER: The question is on the main motion. Is it the pleasure of the house to adopt the motion?

The house divided on the main motion (Mr. Rinfret) which was agreed to on the following division:

YEAS

Messrs:

Adamson	Golding
Arsenault	Gour (Russell)
Beaudoin	Grant
Beaudry	Gregg
Belzile	Hansell
Bertrand (Prescott)	Harkness
Black (Cumberland)	Harris (Grey-Bruce)
Black (Yukon)	Hazen
Boucher	Hlynka
Bracken	Isnor
Brooks	Jaques
Brown	Jutras
Dechene	Kirk
Denis	Kuhl
Dickey	Lafontaine
Dion (Lake St. John-Roberval)	Laurendeau
	Leger
Emmerson	McCulloch (Pictou)
Farquhar	Macdonnell (Muskoka-Ontario)
Fleming	McIvor
Gardiner	MacKinnon
Gauthier (Portneuf)	MacLean
Gladstone	Maloney
Martin	Rinfret
Matthews (Brandon)	St. Laurent
Maybank	Shaw
Mayhew	Sinclair
Menary	Sinnott
Mitchell	Smith (Calgary West)
Mutch	Timmins
Pearkes	Tremblay
Richard (Gloucester)	Viau
Richard (Ottawa East)	Weir
	Whitman
	Winkler—67.

NAYS

Messrs:

Archibald	Knowles
Argue	LaCroix
Bentley	McCuaig
Bowerman	MacInnis
Burton	McKay
Campbell	Moore
Castleden	Probe
Coldwell	Stewart (Winnipeg North)
Cruickshank	
Herridge	Townley-Smith
Jaenicke	Wylie
Johnston	Zaplitny—24
Knight	

Bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

Mr. F. S. ZAPLITNY (Dauphin): I rise to a question of privilege, Mr. Speaker. Just before the vote was taken, the hon. member for Vancouver North (Mr. Sinclair) challenged a statement I made in reference to a speech of the hon. member for Calgary West (Mr. Smith). I did not have the text of his speech before me at the moment. In fairness to the house and particularly to the hon. member for Calgary West, I think I should quote the particular sentence to which I was referring at the time. It will be found on page 3279 of *Hansard* of April 23:

> I have no hesitation in saying that at the moment, without knowing more than has been given to us here, it seems to me too large an increase. That is said without any complete examination of the facts.

I did not use the exact words of the hon. member because I did not have the text before me. If I paraphrased his statement incorrectly and took the wrong inference from it, of course I am sorry. There was no intention on my part to place an inaccurate construction upon his words.

Mr. SMITH (Calgary West): I wholly accept that explanation.

Mr. DEPUTY SPEAKER: The hour reserved for private bills having more than expired, the house will resume the business that was interrupted at six o'clock.

SUPPLY

EXTERNAL AFFAIRS

The house resumed consideration of the motion of Mr. Abbott for committee of supply.

Mr. JAQUES: At six o'clock, Mr. Speaker, I was speaking of the threat to world peace by the partitioning of Palestine, and I am not by any means alone in that fear. I have in my hand a copy of the New York *Herald-Tribune* of yesterday's date. This is a statement by the committee for justice and peace in the Holy Land:

> An attempt is being made to stampede the United States government into action in a renewed effort to bring about the partitioning of Palestine. The claim is advanced that an overwhelming majority of Americans of all faiths, support such action. We believe that the claim does not square with the facts; and that the attempt must be resisted . . . Many millions of American citizens are unaware of the significance of this issue in terms of our basic national interest and have not expressed themselves at all. The articulate, highly organized lobbying of those who, for a variety of partisan reasons, favour the partition of Palestine—

Mr. BLACKMORE: Mr. Speaker, I wonder if we might not have a little order in the house. There is so much noise the hon. member has no chance to speak. It seems to me a disgrace that a condition like this should obtain.

The. DEPUTY SPEAKER: Order. I would ask hon. members to be quiet while the hon. gentleman continues his remarks.

Mr. JAQUES: This quotation goes on:

> The articulate, highly organized lobbying of those who, for a variety of partisan reasons, favour the partition of Palestine must not push us into an action that may have the most serious consequences for our national security, our foreign policy, our friendship with the near east peoples, and the cause of world peace.

The chairman of that committee is Doctor Virginia Gildersleeve; the vice-chairmen are Doctor Henry Sloane Coffin and Rabbi Morris Lazaron, and one of the directors is Kermit Roosevelt, while numerous other distinguished Americans have signed the statement.

I should now like to say just a word about an address I heard at the united nations by Sir Carl Berendsen. Speaking about the decision last fall to partition Palestine he said:

> But if there were in this room any who believed that the partition of Palestine could be accomplished peacefully and with good will on all sides and without enforcement, then I must say that that is a degree of naivete which did them little credit.

And again:

> . . . those members should, on any logical basis, equally be willing to provide their proportionate share of a United States force to implement the decision to which it pledged itself last November.
>
> I call upon my colleagues to take careful thought before they strike that tragic, perhaps irreparable blow to the united nations that would be involved in capitulation by the world to threats and violence.

I maintain that the decision to partition Palestine was itself reached under threat and by force. As Sir Carl Berendsen says, it would be impossible to carry out partition without the use of further force, or, in other words, without waging war.

In regard to the use of force in deciding upon partition, I have the statement by one of the delegates, Mrs. F. D. Roosevelt, who is reported in the New York *Times* of February 19 as having said that the United States government had used "legitimate" means to influence wavering delegates, thus forcing them to vote for partition. There was a curious statement I read, I think it was in an Ottawa newspaper, a quotation from the New York *Times* dated February 24, 1948. It said:

> Instead the U.N. or rather the U.S., using its enormous power, has decided to partition Palestine. In this the U.S. was powerfully aided by the Canadian delegate, about whom the following statements were made by the U.N. correspondent of the New York *Times*:
>
> "A special word should be said for Lester B. Pearson, the Canadian representative, without whose efforts it would have been impossible to imagine a decision on the Palestine question in this assembly. It was Mr. Pearson who, with untiring industry, patched up the fragile Soviet-American understanding each time the whole plan received a new blow from the British. The partition plan may turn out to be a mistake, but even a mistake is better than the deadlock which would have been inevitable had Mr. Pearson stayed in Ottawa."

I shall leave my readers to figure out that statement for themselves. I believe the Arabs have done enough. They have received into their very small country of Palestine some 600,000 Jewish refugees; and if all the other countries had done a fraction as much toward giving sanctuary to these unfortunate Jews there would certainly be no Jewish problem today. Two wrongs do not make a right. Because the Jews have been persecuted—and no one denies it—is no reason why one small country should have to bear the brunt of that wrong. May I suggest that, instead of forcing one people to bear the whole burden of this problem, the united nations should use its influence to make the world a fit place for all people, Gentile or Jew.

This partition means the use of force; there is no question about that. Those who favour it say it is impossible to carry out partition without force, or in other words, without starting another war. In fact the very threat of partition has started another war already. I believe, as a consequence of the methods it is pursuing, the united nations, instead of leading us to peace, is leading us nearer to world war. Instead of a world of nations united in the interests of peace, we have a world divided into halves, each half gathering its forces against the other.

Do we want peace or do we want war? There is only one way to peace. We must stop deciding international questions at the dictation of powerful minorities, for purposes of vote catching, or for economic advantages. We all desire prosperity. Prosperity depends upon peace, and lasting peace can be secured only by impartial application of the principles of justice to the settlement of national and international affairs.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, unlike a good many of those who have taken part in this debate, I have not had the advantage of attending any international meetings. But after all it is the day of the common man; the common man must have his hearing, and I will speak for him tonight as well as I can.

It seems to me a good thing to have this debate. There was a time when we appeared to consider it necessary to play the ostrich and debates on foreign affairs were taboo in this house, though in saying that I am not blaming any one party. As a result of ignoring this all-important question, we came to the second war, I suppose almost worse prepared for than the first one, if that were possible. Some of us will remember that in 1914 we could hardly make ourselves believe that, after the many alarms which proved to be false, war had really come.

Well, at any rate here we are having this debate. Yesterday afternoon I had a curious feeling about it. I noticed that even on the opposite side of the house, when one would have expected that even courtesy would have kept the members in their seats to hear the Secretary of State for External Affairs (Mr. St. Laurent) expounding the important matters which he did expound, the benches gradually emptied. It gave me a curious feeling about the whole thing.

None of us can doubt that when we talk about external affairs in these days we are, in very truth—in literal, actual truth—talking about matters of life and death. If anyone has any doubt about that, I would read to him a brief quotation from Walter Lippmann, as it appeared in this morning's paper:

> But if we ask ourselves why we have been discussing extra military measures since the middle of March, the answer must surely be that in the judgment of the administration there has been a change in the international situation since the events of Czechoslovakia, Finland, Berlin and Vienna. This was also the judgment of the western powers in Europe, otherwise they would not so hastily have signed the Brussels alliance. . . .
>
> If all the governments of western Europe, of our own, have not been having an unnecessary fit of nerves, this is in truth a critical period. What will count is the military power which can be mobilized at once and deployed at once so that there may be a force in being. Our paramount need then is not "preparedness" for a theoretical M-day, but a mobilization of what we have and can quickly produce.

I shall have more to say about that later. I repeat that I had a curious feeling about our debate yesterday. I had the feeling that if there were any communist present—and there may well have been a communist present—he would have had rather a sense of exultation in his mind. I had the feeling he might have said to himself, "Look, these people are not really serious yet. They do not know yet the kind of world they are living in." I had a kind of feeling that he might have said, "Do they not realize that the Russia of today is not merely the imperialist Russia of a century ago?" And of course we remember that a century ago Russia was supposed to be the great enemy, because of her imperialist ambitions. I can imagine his saying, "In addition to the imperialist ambitions of Russia of a century ago you have today all the new impulses"—with which we have grown so familiar, and which I need not take time to detail now.

I do not know what the equivalent of this debate would be in communist countries. Of course they could not meet and discuss things as we do. I presume, however, that they do meet and talk together. I presume there would be more intensity in connection with it—not like the lackadaisical, free and easy attitude which we have. I cannot make out whether our careless attitude is due to the fact that we are underestimating the problem or overestimating it. I suppose there are some people who do not take the time to think just how serious the problem is, and there may be others who feel that conditions are so serious that we cannot do anything about them—"What's the use?"

At any rate, it seems to me that this House of Commons is not setting a very good example, and that what is needed is that in some way or another we must make people

throughout the country feel that they are facing new grave problems, and that it will need all the capacity and character that we have to deal with those problems.

In one very small way I disagreed with the hon. member for Stanstead (Mr. Hackett) who spoke yesterday, and who used language to the effect that the communists lacked a spiritual basis. I know the way in which he meant it, and giving it that meaning I can agree with him fully. Nevertheless, there is a kind of equivalent, there is a something—you can call it madness or demonology, or anything you like—which, with them, takes the place of faith.

Someone has analysed communism and has stated that it derives from three things—pity, hatred and love of power. We are very familiar with the hatred and love of power. We think of those two poisoned springs from which these horrible emanations come. But we should recall, too, that there is a third source, sometimes quite genuine—and I think a good many well-meaning people are sometimes misled by that.

Whatever the reason may be, I believe there is faith there, or its equivalent, which will not be answered merely by doing things better in a material way, but will need some answering faith as well.

What is our answering faith? We will say that it is the Christian ethic of those who are fortunate enough or wise enough, or whatever it may be, to be practical Christians. And for the rest of us who might not be in that category there is the Christian ethic and the belief in justice, including social justice. But whatever it may be, it seems to me that we should never overlook the fact that there is a moral equivalent and a moral answer which must be found, just as much as a material answer.

Again I should like to quote briefly from Lippmann, again quoting from the Montreal *Gazette* of April 26—and I think this applies very well to the situation to which we find ourselves today:

> Free and civilized men cannot quiver and quake forever about communism or spend their days doing nothing better than to listen to rumours about what the politburo and the cominform are up to next, or degrade themselves in witch-hunting and a morbid concern with the demonology of Moscow.
>
> Nor can they live forever and exclusively on the calculations of dollar deficits and predictions about long-range bombers and atomic bombs, and resounding declarations about how much better liberty is than tyranny. They need also great constructive ideas and projects which enlist their energies and give meaning to their lives.

I think we will all agree with that. I said a moment ago that we needed faith but, as the apostle reminds us, faith without works is dead. Faith is not enough. I have to ask, in Lippmann's words, what are the "great constructive ideas which enlist our energies and which give meaning to our lives."

And that brings me to the minister's speech. I was unfortunate enough not to have heard the last part of it. The first part I did hear and the descriptive portion of it I thought was excellent. It gave us a picture of Europe, and his comments with respect to communism were admirable; his explanation to us that we could no longer hope for co-operation, and that the most we could hope for was tolerance—all that I listened to, agreed with and admired.

Nevertheless there was something in the speech that I missed. It came to me that there was something lacking. I sympathized with what I felt was the minister's tone, a sense of sadness, a sense of regret, that somehow or another we had drifted into this appalling situation, but also the feeling that there was not much that could be done about it.

I missed in his speech any sense of urgency. I was thinking of a young student I heard about the other day who remarked how difficult it was for young people to settle down to the problem of beginning their lives because they thought there was going to be war again, and that most of them would be dead anyway in a few years.

It was a sad thing to hear said. As I listened to the minister I wondered what we were really doing, what we were really going to do. His speech was correct though; I could not criticize it from that point of view. The minister said we were ready to co-operate and that we were co-operating. But it did not seem to me to lead anywhere. I did not find any glimpse of a plan. I felt somehow that in spite of ourselves we were drifting, just rolling along. I felt no sense of direction in it, at all, no urgency no instancy. And yet, surely when we look at the world there is plenty of call for action.

When we stop to take stock of the situation, as we find it today, what do we find? Well as the hon. member for Stanstead reminded us yesterday, we find the astonishing prediction of a century ago made by de Tocqueville, quoted the other day by General de Gaulle,—of Russia and the United States practically absorbing the world. We find that now coming true, with these two great nations confronting each other. Where does that lead us? Does that lead us anywhere? Does anyone believe that that leads anywhere but one place? It leads finally to war and

to destruction, just as when the world was divided between Caesar and Antony, it led to war. Yesterday the minister said that all we could hope for was toleration, but can we hope for even that? So one inevitably asks himself whether there is any way out. Is there anything that can be done? Is there any other way? Surely the answer is that there is another way.

There is another way which is to create a third strong unit of power in the world. Surely as we go on now we have to choose between two immense aggregations of power who are shouldering each other like two little boys and who may finally break into a fight. That is the danger. What we need has been pointed out by many. What we need is a great trinity of power which would be quite consistent with the united nations charter. It would be quite consistent with that, and again I wish to read from Lippmann. I am going to read at some length because it seems to me that Lippmann, with his knowledge extending over thirty years, with his great capacity, with his imagination, gives in these few paragraphs, which I want to read, a picture of the universe in which we find ourselves. He gives us a working plan which gives some meaning to what we are trying to do. He says:

> In the weeks and months to come we shall find, I venture to think, that we must reconsider and revise not only our strategical doctrine and policy, not only our conception of the western hemisphere, but also our relations with the British commonwealth and empire.

And again:

> The role of Great Britain in this immense evolution is crucial and extraordinarily difficult. For, as an English friend of mine, who has had much to do with working out the E.R.P., puts it, the "dilemma" of Great Britain is that "she cannot afford to go into a federation of western Europe if that involves breaking up the British commonwealth; she cannot afford not to cooperate militarily, financially, politically, economically with France, Benelux, and western Europe."

And again he says:

> But the British dilemma is also an American dilemma. For if Britain's entrance into a European federation means the breaking up of the British commonwealth and empire, what is to become of the non-European parts of the commonwealth and empire? There are some who think they could become parts of an American commonwealth and empire. But this would be a dangerous, perhaps even a disastrous and tragic, outcome.

And again:

> The British dilemma and the American dilemma can be resolved only by the construction of a large political community which includes the British commonwealth, the inter-American system and a European federation with its African dependencies and colonies.

[Mr. Macdonnell (Muskoka-Ontario).]

> In this larger community it would be unnecessary for the British to choose between Europe and the commonwealth. In this community Great Britain and France could at long last become united in peace, not merely allied in war. In this community alone is there hope of solving the German problem, which is becoming progressively more snarled up.
>
> In this community the United States would be insured against the necessity or the temptation to create an American empire on the ruins of the British empire. In this community the western hemispheres would no longer be confronted with the insoluble and disruptive problems so sharply posed at Bogota.

I have read from that quotation at length, because it seems to me to give an intelligible picture of what otherwise I confess is unintelligible. It is the only intelligible picture that I have seen and if there is a more intelligible one I should like to see it. It certainly has not been given in this house. There is a breadth of grasp there; there is a real capacity for taking stock of the whole broad situation.

This makes clear two things. It makes clear that in his conception—after all, where is there a man with greater experience and authority than his?—a strong British commonwealth is absolutely essential if we are to have peace. This comes back to us; we might as well face the fact that there can be no strong British commonwealth without Canada playing a big part in it. It perhaps was not so much our merit as the facts of geography which enabled us to prevent the last war from being lost. Does anyone doubt that it would have been lost in 1940 if we had not been here to act as a bridgehead for supplies that were flowing from the United States, quite apart from the other things that we were doing? As the hon. member for Stanstead (Mr. Hackett) pointed out yesterday as reported on page 3453 of *Hansard*:

> We are the only direct line of communication that exists between the new world and the old.

And again:

> We are the sole direct channel of relationship between the old world and the new. It is out of that east and west relationship . . . it is out of that relationship that Canada came into existence.

Another thing that is worthy of mention is that the north Atlantic trade routes have always been the economic lifeblood of this country. It was the preservation of the north Atlantic trade routes that brought us into the first war, quite apart from other reasons. It was that fact which brought us into the second war and it also had much to do with bringing in the United States.

So I say that we have a great part to play and the question is: Can we do it? I think

the omens are good. We can say that colonialism in this country is as dead as Queen Anne. It is sometimes talked about in this house. The hon. member for Temiscouata (Mr. Pouliot) talks about it sometimes, but I think he is just pulling our leg. I think he is just having some fun as he often does in his speeches, very delightful as they are.

Colonialism is dead. Our constitutional questions are settled. Old difficulties are gone. Furthermore, there is a new basis of unity. I ran across that in a curious way last autumn. Through the courtesy of one of the hon. gentlemen opposite, I met a French Canadian lady and I was trying to tell her that the Progressive Conservative party was the good friend of the province of Quebec. I doubt if I was making as much progress in that line as I should have liked to make, but at any rate she said something to me which I have always remembered, and which I think was profound. She said, "You know I think our old differences are going to melt away because we have a common danger, the danger of communism." I know she meant that. I think that is very true. It may help to solve a lot of our problems. I am not, however, suggesting that they are all gone because I know they are not.

(Translation):

At this point, Mr. Speaker, I would like to engage in a slight digression. I realize that, from time to time, certain people express a point of view that I regret enormously. It has been expressed with moderation, with courtesy, but nevertheless very forcefully by the hon. member for St.Maurice-Lafleche (Mr. Hamel).

On March 2, at page 1813 of *Hansard*, speaking of Canadians of English descent, he said:

> Canada is but a secondary nation bound to sacrifice its interests on the high altar of the British commonwealth of nations. Canadians of French descent feel, however, that their first loyalty belongs to Canada and cannot resign themselves to seeing their country become the cat's-paw of the British commonwealth of nations.

I ask the hon. member for St. Maurice-Lafleche, nay I beg him to forget that idea. I believe one would find only a handful of people throughout Canada who would entertain such feelings. The great majority of English-speaking Canadians are wholly Canadian. As for me, I was born in Canada, my parents were born in Canada and I do not know of any relatives in Great Britain.

My traditions, my sentiments, my ideals are wholly Canadian. The same could be said of all English-speaking Canadians, with very few exceptions.

I hope, with all my heart, that these words will be accepted. I speak in all sincerity.

There is one thing I wish to add now. The formidable danger of communism urges us, forces us to lay aside our differences and to promote a new feeling of mutual confidence which will enable us to remain firm in the face of the many and serious dangers with which we are threatened.

Mr. GAUTHIER (Portneuf): Hear, hear!

(Text):

Mr. MACDONNELL (Muskoka-Ontario): In case, Mr. Speaker, you did not understand my very indifferent French, I might just add that what I have been saying is this.

Some hon. MEMBERS: It was very good.

Mr. MACDONNELL (Muskoka-Ontario): I have been referring to a speech made by the hon. member for St. Maurice-Lafleche (Mr. Hamel), in which he said that he believed or feared that many Canadians of English origin put the interests of Britain before the interests of Canada, and I begged him to believe that in my opinion there is not a handful of English-speaking Canadians who feel that way. I pointed out that most of them are like myself, born in this country and my parents before me; I have not a single relative I have ever known of in Great Britain. My hopes and aims and ambitions are all Canadian, and I feel that we ought to be able to set at rest such an idea once and for all. If we are able to do that; if we are able in the face of danger to abandon prejudices, I hope it will not be considered blasphemy if I undertake to alter one of the immortal lines of Shakespeare:

> Out of this nettle, danger, we pluck this flower, unity.

I substitute "unity" for "safety". If I may say so, perhaps some good may come out of all this evil and we may find a unity in this country we have not had before.

I believe it would not be difficult for the people of this country to recognize the fact in this dangerous world in which we live that there is a part to be played by us in peacetime as there has been in wartime. After all, it ought to be a simple problem. It does not make sense to say that an association of free nations can function together only in wartime and not in peacetime, and that is the whole problem. Can they not work together to prevent war in the same way as they worked together to wage war?

If I have taken the minister's speech correctly his mind does not go along this line.

He seems to accept, regretfully it is true, this division of the world between these two great powers. I found nothing in his speech to suggest that there was anything vital and effective that can be done to counter this. Yet to me that seems a counsel of despair, because along that line it seems to me that what I have read to him from Lippmann shows the way we would go. If we allow the world to be divided in two we have all history to show us what will happen. We have a bleak and sombre prospect.

The second thing to remember, whether we like it or not, is that we are the keystone of the arch. We are now the second partner in this association of free nations. If we believe that; if we accept that; if we get rid of the colonial idea, there is nothing in the way to the fullest co-operation. We are the second partner now, and who knows how soon the day may come when we shall be the first partner?

If anyone asks me what the exact steps are that I think should be taken or what is now being omitted, apart from our preparations in defence, which I shall touch on in a moment; if anyone asks me what omission or failure I think there is now, my answer would be this. If the government give a clear lead, if it is clear that they believe that this third aggregation of power is necessary to the welfare of the world, if they are ready to do their part and they allow the people of Canada to understand this, I have no fear but that their technical advisers, military and otherwise, will be able to tell them the steps which should be taken. It is the will we need; it is the clear lead we miss. The New Testament tells us what happens when the trumpet gives an uncertain sound.

Judged by one standard, I would say that the result at the present time is very unsatisfactory. We have been told that our defence preparations were—I think these were the words used by the Minister of National Defence (Mr. Claxton) "better than other people". Well, that may be so, but that does not interest me much because I do not know how bad other people's are. We can judge that our own are very bad from the figures given not later than March 10. I shall not go into them in detail. One is bad enough. The authorized strength of the auxiliary air force is 4,500 and the actual strength is 692. I read from a letter written by a man who can be taken as one of the best authorities in this country; you will have to take my word for it. He says:

> I think the figures I gave you regarding the strength of the auxiliary Royal Canadian Air Force are appalling. The actual strength is only 692. Many of these are of an age which is fast passing that at which they would be of primary use in the service for operation purposes. Coupled with this we should remember that the government has discontinued the grant to flying clubs . . .

And so on. That situation is, I think, lamentable, and judged by that, I would say there is no evidence on our part that we are prepared to recognize the responsibility which goes with the position which we hold.

History affords many spectacles and many instances of nations which drifted into war because there was not enough imagination, not enough courage, not enough willingness to call on the people in time. The hon. member for Peel (Mr. Graydon) this afternoon quoted again the words of Mr. Lloyd George with which we were all so familiar in the first world war, "Too little and too late." I echo his words and express the hope that we in Canada in the year 1948 shall not have to write those words against our efforts.

(Translation):

Mr. PIERRE GAUTHIER (Portneuf): Mr. Speaker, I am pleased to congratulate the hon. member for Muskoka-Ontario (Mr. Macdonnell) for his tribute to the beautiful French language in the course of his interesting speech. He need not feel any qualms about speaking French in this house. He knows it very well indeed, and I am sure that every time he speaks it, he pleases, not only those members of French descent, but each and every member of the house.

(Text):

In rising to take part in this debate, Mr. Speaker, I would not be frank if I did not say that I feel somewhat apprehensive after the speeches delivered in this house in such an important debate as this on external affairs. I realize that it is dangerous for a layman to take part in the debate; it is difficult in fact to speak to the house and to avoid anachronisms, to look at the accuracy of the information we get and be objective enough, that those who are listening and those who will read our speeches will not think the idea sponsored by any speaker is preconceived on any subject presented in the course of his remarks. In speaking on external affairs, one finds it is very difficult to avoid friction. To us, the nations with which our country has to deal sometimes use words which have not the same meaning to them as they have to ourselves, and in speaking on such an important debate we must have in our mind a strong desire to help our country and may I say to give advice and help to friendly countries or to the world at large.

To sum up what I have said since I began my speech, I think we should say that speeches delivered on international affairs must be constructive. It is difficult to be really constructive when, as I do, one speaks far from being a specialist but having in mind what I said a moment ago, a strong desire to help one's country and the countries which give us their friendship.

There are rules between nations; there are understandings. If one looks at the Atlantic charter he will see that on January 1, 1942, twenty-six nations signed what has been called the "Declarations by United Nations". On page 3 of these declarations I read:

> Each government pledges itself to employ its full resources, military or economic, against those members of the tripartite pact and its adherents with which such government is at war.

Maxim Litvinoff signed on behalf of the U.S.S.R.

On page 8 we find the following:

> Germany, Italy and Japan affirm that the aforesaid terms do not in any way affect the political status which exists at present as between each of the three contracting parties and Soviet Russia.

Two years before the signing of the charter of the united nations the tripartite pact was ready to accept Soviet Russia, and two years after, Mr. Litvinoff signed the charter of the united nations. Therefore he was engaged with two different bodies, with two different unions of nations whose interests were absolutely opposed and who were at war against each other. This proves, Mr. Speaker, that when the United States delivered to the world those secret documents pertaining to a Soviet and German secret pact they were accurate in saying that there was a secret pact, and the last line was signed in Moscow on August 23, 1939, by both ambassadors Molotov and von Ribbentrop. The last line reads as follows:

> This protocol will be treated by both parties as strictly confidential.

I said at the beginning there were rules, there were promises, there were pacts between nations, but those pacts and promises are not always, and very often not, honoured by the signatories. International laws are sometimes and very often against the personal interests of every nation. It is very hard to avoid friction with nations using the same words as we use but giving an altogether different interpretation or an altogether different meaning to them. Let us look at what the word "democracy" means in different countries. In the United States they have freedom for anything, but that freedom for anything results in what is called the melting-pot. In Canada we have as a democracy the unity of races. We have unity, liberty and security which are the three main lighthouses of the Liberal policy; but those races are retaining their character as in Switzerland, and still we have a real democracy. In the United Kingdom they have freedom for everything; they have Trafalgar square and the Albert hall; these three freedoms are tempered by respectfulness and devotion to the crown, and let us hope that it will last.

In Germany, as Ludwig expressed it, you have an everlasting pyramid in all brackets of life, without which the German cannot understand life. In Russia you have the one party poll and freedom to preach communism everywhere in the world. To sum that up, hon. members can read Marx's manifesto. At page 23 he gives a definition of Marxism or communism as the abolition of private property; that is, what they call democracy in this country. Canada must deal with all these countries.

I do not share the opinion of the hon. member for Muskoka-Ontario (Mr. Macdonnell), who said that he felt somewhat sad on hearing the speech of the Secretary of State for External Affairs (Mr. St. Laurent). I did not feel sad at all; I listened carefully and read the speech over, and I think the words uttered by the Secretary of State for External Affairs are extremely consoling to the Canadian people. He gave advice and he asked for perfect understanding on the part of the Canadian people. At page 3438 of *Hansard* of yesterday, he is reported as follows:

> I hope that in our foreign relations we can reconcile our first duty to our own people with our ultimate obligations to the international community. In a frightened and suspicious world this is not always easy.

No, Mr. Speaker, it is not always easy; but let us hope that everyone will understand the appeal made by the Secretary of State for External Affairs in Canada. A little farther on, at page 3439, he is reported as saying:

> There is in all this a chain of vicious consequences, and these vicious consequences are exploited by Soviet-inspired communist parties for purposes which have unfortunately become all too familiar. Distress, starvation, even despair, are stirred by the communists into political disorder and ideology strife.

Whether we are federal representatives or provincial representatives, it is true that we need to be careful when we are dealing with something that can approach any angle of international affairs. The Secretary of State for External Affairs, as reported on the same page of *Hansard,* also said:

> The ranks of democratic peoples must not be divided. Their energies must not be dissipated in domestic political conflict.

That brings me to the point where I wish to quote one of the best writers I know of on international affairs, Father Ledit, a Jesuit from Montreal. He was speaking on the famous question of the Polish art treasures, about which we have heard so much. I shall have to quote Father Ledit in French. In "Relations of 1948", he says this:

(Translation):

For some time now, a storm that defies all understanding has been let loose against the Royal Canadian Mounted Police. Yet, if any force keeps the communists in check and is, for that reason, relentlessly hated by all international saboteurs, it is surely the famous R.C.M.P. To disparage this force is to play into the hands of international communists.

He goes on:

Party differences between supporters of the liberal faction and national union group have become inconceivably violent. Members of the blue fraternity find it very difficult to respect their Liberal opponents, even though one of them be vice-premier in the dominion field of politics; it also goes against the grain for a Liberal to respect a Conservative even though he be a provincial premier. As for those who belong neither to the one group nor to the other, they are beginning to go round in circles! Such differences can only delight international communists. In the midst of the worst crisis history has ever known, may we respectfully remind the parties concerned that the eyes of the world are upon them?

The respect owed by all citizens to those in authority, as prescribed by the Fourth Commandment, matters more than any party victory, whatever side wins.

I believe, Mr. Speaker, that these words of Father Ledit should be heard in high circles in my province and that when the attitude of our outstanding dominion police force is discussed, people should express themselves in respectful terms and should take particular care not to undermine, by unfortunate remarks, the confidence the public has placed in this splendid police force which, at present, plays such an important part in our struggle against the enemy from within as well as from without.

Some hon. MEMBERS: Hear, hear!

(Text):

Mr. GAUTHIER (Portneuf): I said a few minutes ago that the same words did not mean the same thing on our lips and on the lips of some big shots in the international world. As hon. members will recall, when Mr. Stalin gave an interview to Mr. Stassen, a prominent republican in the United States, Mr. Stassen received the following reply when he asked Mr. Stalin if he had ever said that Russia or the communist party could not co-operate with the capitalist system. As reported in all the newspapers of Canada at the time, and in the world reports, Stalin said this:

[Mr. Gauthier (Portneuf).]

There was not a single party congress or plenary session of the central committee of the communist party at which I said or could have said that co-operation between the two systems was impossible.

The New York *Times* quoted *Pravda* in 1938 as having published a letter written by Stalin and addressed to a young party propagandist by the name of Ivanov, in which he quotes Lenin as follows:

The prolonged existence of the Soviet republic side by side with the imperialist states is unthinkable. Finally either the one or the other will be victorious. Until this happens a series of terrible conflicts between the Soviet republic and the bourgeois states is unavoidable.

One interview and one letter, but there is quite a different meaning in the words used or written by Mr. Stalin. Of course he did not say he had written such words. He said, "I did not say anything of the kind," but he never denied that he had written them.

The Soviet union signed the Atlantic charter in 1941 and agreed to the declaration made by Franklin D. Roosevelt and Winston Churchill. The third paragraph on page 5 of that charter reads:

They respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them;

I hope they did not mean they were free to use inside force against Hungary and Czechoslovakia. They also agreed to this article:

They will endeavour, with due respect for their existing obligations, to further the enjoyment by all states, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity.

Some speakers have referred to the Yalta, Potsdam, Teheran and Moscow conferences. You will remember, Mr. Speaker, that Russia took the eastern part of Poland. Now they would like to keep the part west of the Curzon line which formerly belonged to Germany and which before the war, in the words of Mr. Marshall, provided more than one-fifth of the foodstuffs on which the German population depended. So the allies are caught between two fires. I need not deal at length with these conferences, but let me quote Mr. Bevin:

I was unable at Moscow to accept the argument that the discussions on reparations at Yalta represented a decision binding us to agree to make reparations from current production.

There we have two meanings from the lips of three different men. We have heard many times about Spain. We have the declaration of Winston Churchill and General Eisenhower in

favour of Spain; and the other day I was sorry to read in the periodical *World Report* and in the newspapers that Spain would not participate in ERP. I am not a fascist; I am not a nazi, but I believe that neither Britain nor the United States properly visualizes the importance of Spain in relation to the British empire. I am not an imperialist, though imperialism is born in every man, since imperialism is simply the desire to acquire more strength, more power. Every man wants to be more powerful; and when you take men together as nations, then the nations, which are led by human beings, also want to acquire more power. But at this very moment, as hon. members have said this afternoon and tonight, two imperialisms are facing each other, those of Russia and the United States.

Let us not forget that there was and still is another imperialism which, though not as strong since the war as the two others, if it should disappear would cause terrible turmoil in international affairs throughout the world. It is the British commonwealth of nations. I believe Spain holds a strategic position in the world, and especially with respect to the western democracies, as it always has in the past. That is easy to understand when one looks at the position of Spain. As early as 1915 the communists were working in Morocco, as they were working in Spain. Spain is at the head of *mare nostrum,* the name Mussolini used to give the Mediterranean. Spain holds important lines from the Balearic islands to Marseilles and Toulon, and from Marseilles to the eastern oilfields, the Suez canal and the Persian gulf.

To show what would happen if Spain were to fall into the hands of the communist imperialism, in order to reach the Persian gulf or India commerce from Britain would have to go around the cape at the south end of Africa. The route from London to the Persian gulf by South Africa is eighty per cent longer; to the west coast of India it is seventy-seven per cent longer; to Singapore it is forty-four per cent longer; to Hong Kong it is thirty-seven per cent longer, and to Australia, ten per cent longer. Anyone who has followed the various meetings of the communist party or the cominform or the communist party of Yugoslavia must have read the speeches delivered by Mr. Tito in which he said: "We have to face the mother of all the capitalist countries, which is Great Britain." That speech was delivered at a Yugoslav communist assembly after the decision was reached to keep Trieste an international zone.

Well, if Britain does not understand its position better than that; if the United States does not understand the position of the western democracies better than that, we shall have to give the Russians all they ask for.

Fortunately I believe our delegates at the united nations took a very good stand. I am proud to refer to what appears in the second report of the first session of the general assembly of the united nations which met in New York from October 23 to December 15, 1946. We find this at page 54—and this is the attitude taken by the Canadian delegation:

> We abhor the record and present policies of the Franco dictatorship.

This was when the U.S.S.R. and a few other members were asking to sever diplomatic relations with Spain, and many other things, just to brand Spain as an enemy nation at that time. I follow with more of the quotation:

> We earnestly hope that the Spanish people may be able to rid themselves of Franco by peaceful means and establish a democratic, responsible and enlightened administration.
>
> We are not prepared to support at this time outside intervention in Spain which might impede European recovery. . . .

And it concludes in this way:

> We want the Spanish people to enjoy the blessings of freedom—freedom from dictatorships whatever their form, by whatever name they may be called.

We should face the situation as it is because, as Father Ledit stated, they are trying to undermine from both ends, from the south pole and the north pole and from the middle, from the east and from the west, the strength of the British commonwealth of nations. And it will be very bad indeed if we leave the United States alone to face communist imperialism.

That is what I said when I spoke with respect to the British loan and, if my memory serves me correctly, that is what Senator Vandenberg said when he asked the senate to adopt the $3 billion loan to England from the United States.

I was surprised the other day when I saw he was forgetting that Spain was holding a very strategic point, and that the United States and England should have permitted Spain to participate in the economic recovery program, due to her strategic position at the head of *mare nostrum,* as I call it, and to protect the interest of the western democracies from the east.

I see the hon. member from Muskoka-Ontario listening carefully, and I thank him

for it, because a plan was going on long before communism was in power in Russia; that is, the policy of pan-Slavism. It has been building since the congress held in Prague in the early part of the 19th century. This was the pan-Slavism of Pierre le Grand himself, who said that Russia should be going to the east as far as India. And this was taken up afterwards by Lenin who said, "Don't worry; we are going to take the east, to keep the east; and afterwards we will deal very easily with the west."

Suppose Gibraltar were lost and the position of Spain were lost at the head of that sea. Suppose for one moment that we had lost the Italian election. Within six months we would have been at war, because there would have been pan-Slavism to take Greece and Turkey, and within one year all the middle east would have been in the hands of Soviet Russia, in the hands of communism.

When I say that, I say they are undermining the British commonwealth of nations from both ends. This is the resumé I have taken from Father Ledit's story of February 9 of this year:

Feb. 10—Chili, by President Gonzales, takes possession of Graham Land in antarctic regions to south pole.

Feb. 12—Argentine sends destroyers and planes to Falkland and Maritime islands, east of Argentine. Great Britain pretends to own them since 1833.

Feb. 27—Guatemala protests against presence of British ships in waters of British Honduras and by its papers intimates that Guatemala should occupy that country (Honduras). Mexico supports this move but asks for its share of the dominion.

March 4—Salvador, Haiti, Honduras get together in support of Guatemala. Chili and Argentine sign a solidarity pact on Falkland islands.

This is undermining somewhat the feeble powers left to England or to the United Kingdom toward the south pole.

What is happening in connection with Spitzbergen? I read a speech by Ernest Dufour when he spoke to the members of the Rotary club of Hull a few days ago. He intimated in his speech that Russia had many friends in the united nations. Quoting the New York *Times* of January 11, 1947, he pointed out that Mr. Sulzberger, the correspondent of that paper, had said:

According to responsible diplomatic sources, the Norwegian government proposed to the Soviet union on April 9, 1945, the joint defence of Spitzbergen. The offer is said to have been made while Trygve Lie was Foreign Minister of Norway.

Then, in the Toronto *Star* of June 10, 1947, we find the following by Ross Munro:

The Spitzbergen question, involving Russia's desire to establish a military base on the mountainous archipelago 650 miles from the north pole is the number one international headache for Norway, which has sovereignty over the islands.

It was in 1945, and while Trygve Lie was Minister for Norway, that they were ready to give to Russia the same participation in Spitzbergen as they had themselves. There was a treaty, I believe, signed by Canada. Canada was interested in it, states Ross Munro, not only because the island was on the direct air route between the main cities of northern Russia, Canada and the United States, but also because she signed a treaty in 1920 which gave Norway sovereignty over the archipelago never to be used for military purposes.

They are undermining the British commonwealth of nations from both ends. I do not wish to create friction against any country, but now that we know that there is an undermining of the strength of the third imperialism, we have to stand on our own feet with United States imperialism and we should build a triangle composed of Greenland, Iceland and Newfoundland in which to erect naval and air bases to protect the Arctic area against invasion should we lose Europe to communism. This is in support of what I said last year. I did not want to refer to a previous debate, but hon. members will remember that Bill 238 granted certain privileges to the United States army on Canadian territory. I remember my hon. friends over there were against it because they contended that we were granting privileges to United States soldiers. I said, as reported on page 3926 of *Hansard*:

As I understand the bill, we are trying to be co-defendants after having been co-belligerents. When you hear a member from Quebec speaking in favour of an accord with the United States, or in favour of privileges to be given the United States army, it is not because we in Quebec want to turn our eyes away from the British empire or the British commonwealth of nations and turn them toward the United States of America for good, leaving the former alone. It is just because we have the experience of the last war, because we want those two organizations, those two nations or groups of nations, to stand firmly on their feet right in front of the menace from without and from within.

I took the same stand in making my point tonight in favour of Spain. I want these two groups of nations to stand firmly on their feet and face the real menace which at last everyone seems to understand. I was somewhat apprehensive when I got up to speak tonight; but I became quite satisfied during this debate when I saw that at last everyone in this house, and perhaps everyone in the western democracies, realize the peril which we have been pointing out for ten years and which will always be here. I am glad that

at last everyone seems to realize it and seems to want to stay awake to fight this peril. We are beginning to know what we are up against, that we must fight for the rights that they would deprive us of.

I was glad to hear the hon. member for Peace River (Mr. Low) say last night that he was not surprised to see that the U.S.S.R. had agreed to the united nations holding its sittings at Lake Success in the United States. They will always take every opportunity. As I stated a moment ago, they have friends there and everywhere. They are surrounding us; and I hope we will stay wide awake, that we will use every means in our power to defeat them, to keep them weak if possible and to make our own institutions strong. As the minister of external affairs stated, we should forget once in a while our own little political troubles and think of the international troubles; we should try to accord our internal policies with international policies.

It will not be easy, but we must realize that the force which is trying to put us down is international and we cannot avoid it. We are all Christians. Let us live our Christian lives thoroughly and carry out Christian principles in the international field. We do not need to worry, because victory is ahead; it is just up to us to take it.

Mr. H. G. ARCHIBALD (Skeena): Mr. Speaker, this debate on foreign relations has been very sane and on a good basis and I hope it remains that way. Foreign relations now dominate the thinking and actions of all domestic political forces more than ever before. The same may be said about foreign relations dominating the thinking and actions of domestic economic forces whether they like it or not. I should like to give an example of this by quoting from page 2418 of *Hansard* of March 19, 1948. At that time the hon. member for Muskoka-Ontario (Mr. Macdonnell) asked the following question, which was answered by the Minister of Trade and Commerce (Mr. Howe):

> I want to ask the minister one simple question. I am much impressed, as I hear him talk, as to the position of the milling and other industries. He says that the government will do this and the government will do that, and that as long as these people will do what they are told, they will be well off. Perhaps they will. Would I be wrong in calling this a highly socialistic measure?
>
> Mr. Howe: State marketing is socialism, yes, if you like. But it is hard to be different in a world that at the moment is following state marketing for reasons which I think are largely beyond their control. There are currency problems, credit problems and a number of factors, which are driving countries to state marketing at the present time.

I should like to point out that the basis of our economy in the final analysis reflects itself in definite political form at home and affects our outlook abroad. For example, if this country were sold on state marketing within as well as state marketing without we would be expressing ourselves in a form of barter arrangements externally rather than following such international legislation as the Geneva trade pacts, which agreements are attempting to reimpose international laissez faire.

With a changing world facing us, our problem at home is to maintain democracy and extend it in the face of that change. There are two extremes fighting for control in the world at the present time over this ever-increasing state apparatus. Whether one considers himself a Liberal or a Conservative, it must be recognized that the state is playing an ever-increasing role in the economic life of the country. Fascism and communism are the two extremes. The best recent example of fascism in the world today is the growth of de Gaullism in France, which of course is being opposed by communism under Thorez. Both are driving each other to further excesses. They are both fighting on the decrepit and tattered remains of laissez faire.

If this statement does not meet with your approval, Mr. Speaker, I should like to quote an extremely respectable source, Don Cameron in the Windsor *Star*. He is the columnist who perhaps has led the field in the anti-communist drive in Canada. In the Windsor *Star* of March 20, under "Answer No. 6", he writes:

> There is no cure for communism because communism is not a disease, it is a symptom. It is the expression of the vast unrest that permeates all the people of the world, not excepting our own, as the result of the moral, spiritual and economic breakdowns of "bourgeois capitalism."

It has been lucky for capitalism that there has been a corresponding moral breakdown in the communist party, if one deals with the communist party as a political expression of the working class.

I should like to bring to mind Lenin's slogan at the time of the Russian revolution, "No annexations and no reparations". Russia today is leading the field in annexations and reparations. One thing that can be said about the old socialist philosophy is that it never believed in blaming the workers of any country for the war. They blamed the masters. But an entirely different attitude is taken by Russia at the present time.

I should like to quote, and add to in support of my argument, from "Left-Wing Communism —an Infantile Disorder", by V. I. Lenin:

> If the Hendersons and the Snowdens reject the bloc with the communists, the communists

will gain immediately in regard to winning the sympathy of the masses and in discrediting the Hendersons and Snowdens, and if, as a result, we do lose a few parliamentary seats it is not a matter of importance. We would put up candidates in a very few, but absolutely safe constituencies, i.e., where our candidate would not let the Liberal in, in opposition to the labour candidate.

That is altogether different from the attitude expressed by the communist party in the last federal election where, as the hon. member for Vancouver North (Mr. Sinclair) knows, they had an alliance with the Liberal party. But now they are zigging instead of zagging. They say they are going to have a united front with the C.C.F. But watch what happens in the next federal general election. They will support us where it will embarrass us, and oppose us where it will ruin the election of a C.C.F. candidate. Watch British Columbia—I state that again for the benefit of the hon. member for Vancouver North who was just ready with an interjection.

Another thing I should like to bring out in support of my argument is this. The old labour martyrs were always sentenced on the charge of sedition, and a highly respectable Liberal was charged with sedition, in fact, one of the forefathers of the Prime Minister (Mr. Mackenzie King), and it was accepted as an honourable charge. But no socialist worthy of the name would ever have the charge of espionage pinned on him. That is a stool pigeon, whether for Uncle Joe or the Liberal party. When the socialist party of Canada voted on whether to enter the third international at the end of the first great war, their position was roughly this. They refused to sacrifice their principles on the altar of Russian nationalism. The communist party has become a nationalist movement and has ceased to be interested in the working class, as such, of any other country. The workers of all other countries are exploited for Russia's national benefit, to the detriment of the workers of the world. This is now becoming apparent to the western worker especially. The last great general strike in France led by the communists was broken by the working class of France itself. They broke the picket lines because they refused to become a weapon in the struggle of power politics.

The same thing is happening in Canada. In the Mine, Mill and Smelter Workers' Union the fight is coming to a head at the present time. It has been going on for years. I was in that fight and got badly defeated in the old boilermakers' union. The same is true of the United States, where the workers are becoming wise to the fact that they have to find their own political expressions to meet their own needs in accordance with their own historical background.

Again I come back to the statement of Don Cameron, wherein he points out that there is no cure for communism because of the degeneration of bourgeois capitalism.

I now have another quotation. I will read it first and give the source afterwards. I quote it just to point up this problem:

> But above and beyond all that, the material resources of a country exist within the confines of the country and it is only by the implied or expressed permission of the state that the institution of private property can exist. The justification of private property lies in the fact that it has been thought that because of what private property ensures of initiative, self-reliance and the like, the good of the greatest number will thereby best be served. But if as a result of the institution of private property, whether it be the ownership of land or of capital, a social condition may develop which is inimical to the community as a whole, that institution has either to be modified in some particulars, controlled in some directions, or make way for some other system.

That statement was made by the Prime Minister, as recorded in *Hansard* of March 3, 1943. Let us not talk about socializing the land after that; it is all in there.

The minister of external affairs yesterday made this statement, as reported at page 3439 of *Hansard*:

> It is not enough, however, to blame the troubles of Europe—or of the rest of the world—on the destruction of war and on the subversive activity of communism. The free governments are themselves at fault if they are hesitant to take the necessary social and political measures, or to show the energy, determination and solidarity required to make democracy into an efficient instrument for recovery and a dynamic political gospel.

The first statement I quoted was made by the Prime Minister in 1943, and the latter was made in 1948 by the minister of foreign affairs. Five years have elapsed between these statements, and yet we are living, if we can believe the press, under a threat of having our liberties removed because too many people are thinking along communist lines. Why is that? This statement of the Prime Minister must be just an empty gesture. He has not a program that will fill the bill. You cannot expect the worker to have faith in democracy when you remove the excess profits tax and slip on a 21 per cent increase in freight rates and a 25 per cent excise tax, and in British Columbia a 3 per cent sales tax, and then pile all the other taxes on top of that.

But there is a program that will fill the bill. I quote from the *Globe and Mail* of April 7, commenting on Sir Stafford Cripps' budget:

Under terms of Sir Stafford's program a person with an annual income exceeding £2,000 must pay a graduated tax upon the portion of his income that is derived from investments. For example, an individual with an income of £50,000—

That ain't hay.

—all derived from investments, whether in real estate, in stocks or even government securities would be forced to pay a special tax of £24,125. Inasmuch as such an individual is already liable for a regular and surtax levy of £45,024, his tax bill on last year's income will amount to £69,149, or £19,149 more than his income.

Mr. SINCLAIR: That looks like social credit.

Mr. ARCHIBALD: No, this is concrete, real. If you were over there you would find out.

Mr. LOW: This is pretty hard.

Mr. ARCHIBALD: I continue:

Roughly speaking, tax relief granted the lower income group will cost the nation £100,000,000 while the new tax on income from investments is expected to yield £105,000,000 in the coming twelve months.

That, friends, is democracy in action. If a program such as that is not devised within the democracies all you are going to do from now on is to juggle the atomic bomb from one hand to the other and you never know where or when it will go off. We are not living in a static age. There are social changes in the air. People the world over are beginning to move. This short outline or budget applies to the program that was built to solve the problem of one country within its own boundaries.

The people in Canada I claim have given too large a measure of freedom to the United States to express international policy. For example, we have fallen in line with the Geneva trade pacts. Because we were so frightened of jarring the Geneva trade agreements, we held off bringing in the austerity program and it cost us $300 million. Since they have stopped sitting in Havana and discussing the Geneva trade pact, we find the agreements have more loopholes than they have principles. The Belgian delegate said they should have gone there and discussed or redrawn the program deleting free trade and then allowed some loopholes and they would have got farther ahead. One eastern delegate said he came there and he became so convinced that the bloc system as enunciated by Great Britain would work that he was going back to the east and would organize a bloc system there.

The point is this. It is becoming apparent that the socialist or the social democrat democracies of western Europe want to bring in such marketing expressed through the barter system that they do not want the dollar sign to act again at the trade toll gates. This was well illustrated in the Ottawa *Citizen* on Wednesday, April 7, 1948, by Mr. Charles A. Bowman, where he points out that already Washington is going to start bringing in lend-lease, but for arms alone. No, they will not dare bring it back for food and everything else. If that were done little Babbitt down in the United States would not get his rake-off on European misery. Remember this: putting power in Babbitt's hands is not good enough. He has not changed his mentality from 1920 as described by Sinclair Lewis. He was then just a little man who worshipped gadgets and who sat playing with a five-dollar nickel plated cigar-lighter. Now he is playing with the atomic bomb, and he is frightened it might go off in his face. He does not know where to drop it. Suppose he did drop one on Moscow; suppose he did drop one on Leningrad, suppose he dropped one on Stalingrad and so on. He would then have to drop one on Rangoon, and Pekin, Shanghai and many other places. The social forces are beginning to break down national boundaries. It is true that Russia is a force to contend with; but once the force of war gets out, it will break away even from Uncle Joe's hands, and then people will fight for their freedom and express it in their own individual ways.

We can advance a program that will reconcile the contradictions without war. It is being done by the nations of western Europe under socialist and social democratic governments. They want to carry on trade on a barter basis where there will be no debt structures, but goods for goods. The United States is insisting on the almighty dollar as the measuring stick. That in itself will create a vacuum so that the communists can march in.

Take China. The United States has backed Chiang Kai-shek. General Stilwell, known as Vinegar Joe, pointed that out and tried to weld the national forces in that country so that China could become a unified nation; but Chiang Kai-shek sabotaged him, and now we find that such United States periodicals as *Time* and *Life* are belittling General Stilwell and saying that he created this chaos. It was created by the United States government assisting Chiang Kai-shek under whom there has

been no reform in the land question, which the peasants want. Therefore the vacuum will continue to exist. You may send all the arms you like over there, and it would not surprise me if they went out into the hands of the communists, because the government is so thoroughly rotten.

By having the best elements from the international field, even if it means unpopularity at a given moment, we can build up without exploitation a new world which will, as I pointed out, have to be based on a new form of international economy. It will have to have an economic basis. Unless it is based on that firm foundation, it will lose all value and the many expressions of good will that are uttered by various governments and peoples will be lost, because the force of economics will drive us into more and more contradictions and more and more difficulties.

On motion of Mr. Adamson the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What will be the business on Monday?

Mr. ST. LAURENT: On Monday we shall continue with the debate of this motion that the Speaker leave the chair to go into committee of supply. When the debate concludes we shall ask that three more departments be called in supply and proceed with the Department of Agriculture, the debate that was commenced the day before yesterday.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, May 3, 1948

The house met at three o'clock.

GOVERNMENT TELEPHONE SERVICES

TRANSFER OF CONTROL AND SUPERVISION

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to table the following orders in council. The first, P.C. 1929, transfers the control and supervision of the government telegraph and telephone services, except the telephone exchange service for government offices in and about Ottawa, and the functions of the Minister of Public Works under part I of the Telegraphs Act, to the Minister of Reconstruction and Supply. The second order in council, P.C. 1930, transfers the control of the government telephone services for government offices in and about Ottawa to the Department of Finance. The orders are under the Public Service Rearrangement and Transfer of Duties Act.

PRIVILEGE

MR. CHURCH—PRESS REPORTS AS TO REMARKS IN DEBATE ON APRIL 30

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I rise to a question of privilege in reference to the debate that took place in this chamber last Friday evening from eight to nine o'clock respecting the Bell Telephone bill, and the reports appearing in several newspapers. I gave my opinion of the bill; I said I would support the motion to send it to a committee; but the newspaper reports are not correct. At five minutes to nine I understood no vote would be taken; I had an understanding with an hon. member that I would not vote that evening, and I did not think there would be a division. If I had voted, however, I would have voted against second reading, for the reasons I gave at that time.

HOUSE OF COMMONS

MOTION FOR APPROVAL OF ORGANIZATION AND ESTABLISHMENT OF PERMANENT POSITIONS

Hon. COLIN GIBSON (Secretary of State) moved:

That the organization and establishment of the permanent positions on the staff of the House of Commons, 1948, laid on the table on Thursday, 29th April, 1948, be approved.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I should like to say a few words with respect to this resolution before it is adopted. First I want to make clear that I support the resolution and shall vote for it, and that also goes for the other two resolutions which I understand the Secretary of State will move today.

One little word of explanation on my own behalf, which I should like to give at this time, is this. There is in existence all the time what are known as the commissioners of internal economy. There is also in existence at the present time a temporary committee headed by Your Honour having to do with a revision of the rules of the house. Apparently there are some who have confused these two groups. I am a member of Mr. Speaker's committee on the rules, and within the last few days I have actually been asked whether as a member of that committee I approved the contents of these documents that have been laid on the table. I think it should be made perfectly clear that the group referred to is the internal economy commission, which consists of Your Honour and four ministers of the crown.

With regard to the proposals contained in the document we are now being asked to approve, I am sure we all agree that what is in the document is good. Some of us, however, feel a sense of disappointment at some of the things that have not been included. I refer in particular to the repeated representations which have been made on the floor of the house for some kind of pension plan for sessional employees of the House of Commons. I have pointed up this problem by referring to House of Commons stenographers; but there are other sessional employees who should be similarly covered.

As hon. members know, every time we have raised this question—and it has been raised by all parties in the house—we have run into certain difficulties. When we address our representations to cabinet ministers we are told that this is a matter which comes under the control of the House of Commons itself, and therefore that we must deal with our own officers—in fact that we must make our representations to Your Honour. On the other hand we all know that since this does involve an expenditure of money, to which the government must agree—and that, I understand, is the reason for the internal economy commission—the officers of the house have to tell

us that side of the story. The result is that we seem to make headway very slowly.

Last year the question of a pension plan for sessional employees of the house was discussed on the floor of the house a number of times, with the result that we were finally given the assurance that it would be given consideration. After the close of last year's session I wrote the Prime Minister (Mr. Mackenzie King) and placed in his hands a memorandum setting out one way in which this matter could be dealt with. That was not necessarily the only plan, but at least it was a concrete suggestion. The Prime Minister acknowledged receipt of my communication and assured me that consideration would be given the matter.

Several months went by without any announcement being made, so I wrote the Prime Minister on December 16 asking what had happened in connection with the matter. On December 23, 1947, he replied to me as follows:

Dear Mr. Knowles:

I have delayed acknowledging your letter of the 16th instant until there was an opportunity to discuss with the Minister of Finance the question of what further consideration has been given, during my absence from Canada, to the representations you made at the close of the last session of parliament with respect to the establishment of some kind of pension plan for House of Commons stenographers.

This is merely one aspect of the general question of the establishment of the House of Commons which is under active consideration at the present time. Mr. Abbott advises me that every effort is being made to see that consideration is sufficiently advanced to permit of decisions being reached and announced soon after the resumption of the session in January next.

Yours sincerely,
W. L. Mackenzie King.

A little while later, on February 14, 1948, having heard nothing further, I wrote again to the Prime Minister. The pertinent paragraph of my letter on that occasion is as follows:

You suggested to me in your letter that any plan for pension arrangements for House of Commons stenographers would have to be part of the whole question of establishing of the House of Commons staff. I take it, therefore, that the announcement forecast in your letter would relate to the broader question, but I trust that it will include provision for a pension plan for House of Commons stenographers. May I inquire whether this announcement might be expected at an early date?

The Prime Minister did not reply to that letter in writing. But at his request one of his assistants telephoned me a few days later and told me on behalf of the Prime Minister and the Minister of Finance that my assumptions were substantially correct. The information I was given at that time was that two things were in prospect. One was an enlargement of the establishment so far as the House of Commons staff was concerned, and the other was the drafting of some kind of special plan for the sessional employees who are not covered under civil service permanency.

Subsequently—only a few days later; on February 23—I asked a question of the Minister of Finance when the orders of the day were called. This is my question as recorded at page 1489 of *Hansard:*

I should like to ask either the Prime Minister or the Minister of Finance whether it is possible to indicate how soon we may expect an announcement about a pension plan for House of Commons stenographers.

To which the Minister of Finance replied:

The officials of my department have been looking into the matter and have prepared certain recommendations which will be considered at an early day by the internal economy commission of the house, which has jurisdiction in these matters; and I should hope it would be possible to make an announcement very soon.

I held my peace for a considerable time, in fact until March 24 of this year, when an opportunity to discuss the matter arose in connection with estimates then before the house. Mr. Speaker was before the committee of supply, and I asked him specifically whether these matters were under consideration. His Honour said, as reported at page 2592 of *Hansard* of that date:

The positions of all employees of the house are being considered at the present time by the internal economy commission of the house.

And later:

I have every reason to believe that all the employees will be perfectly satisfied.

I took it from what Your Honour said on that occasion, referring as you did to all employees, also from the correspondence I had with the Prime Minister and from the announcement made in the house on February 23 by the Minister of Finance, that we could expect at this time something along the line of a pension plan for sessional employees of the house.

I want to say I am disappointed, and I think hon. members generally will be disappointed, to find that what has been laid before us does not include anything for that purpose as was promised to us.

Since I have brought up the matter I believe I should say one further word. It should be clear that there are ways in which this could be done without putting sessional employees under the civil service. The House of Commons is jealous of the rights it exercises over its own employees; and we wish to retain

those rights. The employees themselves want it that way. I would point out however that it would be possible to follow one of two or three different courses. On the one hand a plan could be worked out by which sessional employees could start, from the beginning, to make payments into a pension fund, on the understanding that if they left in less than five years they would get those payments back, and nothing more, and on the further understanding that if they stayed longer than the period of five years they could begin to build up something in the nature of a pension.

Another plan would be to treat sessional employees, such as our stenographers, upon whom we depend so much, in the same manner in which we treat our *Hansard* reporters. The *Hansard* reporters are paid an annual salary. They are subject to duty in the House of Commons only during the time the house is sitting. They have permanency on that basis, and they also have freedom during the period when the house is in recess.

I suggest that would be a fairer and a better way to treat our House of Commons stenographers. Instead of paying them so much per day for the length of the session, as we do at the present time, I would like to see them paid an annual salary of, let us say, $1,800 a year. Give them permanency on that basis, and freedom between sessions, the same as we do in respect of the *Hansard* reporters and certain other employees of the House of Commons. In this way they would have an opportunity to build up some protection for the years when they should be retiring.

As I have already said, we in the House of Commons are jealous of our rights to maintain jurisdiction over our own employees. We want the stenographers to be available when the house is sitting. We count on the fact that many of them will come back from year to year. I know that there are some who come only for a session or two, after which we do not see them any more, but I am more concerned about those who serve this House of Commons faithfully over a period of years.

It does seem to me that members generally should get behind a move of this kind. In anticipation of this matter coming up this afternoon I read again the debates which took place on March 28, July 7, and July 17, 1947. At that time we were pushed from one side to the other. We were told by the government that this matter was under the control of the house, and we were led to believe by the officers of the house that since it was a money matter, in the last resort we would have to go to the government. In my view it is a matter for which the government will have to take responsibility. I do not see how Mr. Speaker can be asked to work out and be responsible for a pension plan. Obviously that is a matter for which responsibility should be taken by the superannuation branch of the Department of Finance.

As I say, I do not like this idea of telling us that these things are under our control when we know that the final control is in the hands of those who have control of the money. I hope hon. members generally will support some pension proposal. I do not ask that the particular plans that I have offered be followed; I merely suggested them to indicate that something definite could be done and that we should urge the government to take action along these lines.

There are many phases of this whole question on which one could speak. There are many phases of it in which I am interested, but I shall not go further at this time. My reason for leaving it at that is the hope that by so doing we may make progress in connection with this one particular problem.

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, I have not spoken before in this debate but speaking I believe on behalf of the Liberal party and the Prime Minister (Mr. Mackenzie King), whom I happen to have the honour of following, may I say that he is taking the right example in this connection. I understand that in August he is leaving for a younger man.

There are means available that would overcome these difficulties. I am not in the fortunate position that some are, but one who has been closely associated with me made arrangements to overcome this difficulty in connection with stenographers and secretaries who have served us so well and faithfully. He has provided one with a pension for life. May I suggest to the Prime Minister that more young men be elected to parliament and then the secretaries will be looked after.

Mr. J. T. RICHARD (Ottawa East): Mr. Speaker, I want to say only a few words with regard to this report. I agree that basically the report is satisfactory; it is a step in the right direction. But I do not think that enough hon. members of this house are familiar with the proposed establishment to criticize properly the plan which the internal economy commission of the house has submitted.

It is easy for us to pose as champions of the well-being of the employees of the house. I am one of those who perhaps has suffered

considerably through being around the House of Commons at all times. I have had to share with employees, who feel that they are aggrieved, their feeling of sadness because of their unfortunate position. However, as I look at the rest of the service outside of the House of Commons I must say—I think the employees of the house will agree with me—that conditions for employees in the House of Commons are not bad at all. Indeed I think this house gives employment which is remunerative. If the service of an employee is satisfactory he has a feeling of security which he would not have anywhere else.

Something has been said about pensions for stenographers. I am in favour of everyone having the benefits of a pension plan. However, I suggest to the hon. member for Winnipeg North Centre (Mr. Knowles) that he consider employees in the Department of Public Works and other departments who are employed at prevailing rates and who work the year round instead of four or five months and who do not have the benefit of any pension plan.

Mr. KNOWLES: Shame.

Mr. RICHARD (Ottawa East): That is why I suggested at the beginning of the last session that a committee of this house should carefully study the conditions of work, pension plans, rates of pay and so on, not only of the civil service but of all employees hired by the crown. I agree that this plan is good because it is a step in the right direction.

I agree with the hon. member for Winnipeg North Centre in one regard. The members of this house should have something to say as to the establishment of positions, as to rates of pay, and as to any pension plan which may be adopted. I suggest again that at the next session a committee similar to the one which I proposed last year should be set up. In the meantime I intend to support the plan proposed by the Secretary of State.

Mr. G. R. PEARKES (Nanaimo): Mr. Speaker, when this report was tabled on April 29 I asked the Minister of Finance (Mr. Abbott) if the veterans preference would apply when appointments were being made to complete the establishment. I should like to draw the attention of the Secretary of State (Mr. Gibson) to the fact that there are a number of veterans, both English-speaking and French-speaking, who are employed on the staff during the session. These men may have been employed when war broke out, at which time they went overseas and thus lost their opportunity of being placed on the permanent staff of the House of Commons. I put in a special plea for those men who served overseas and who have returned to the staff on a sessional basis. They should be given consideration and be permitted to compete for vacancies which are now being created, along with those who did not have an opportunity of serving in the armed forces during the war, who are not veterans but who had an opportunity of being employed on the permanent staff during the war.

I ask the Secretary of State that these veterans who are employed on a sessional basis be given opportunities equal to those given to the employees on the permanent staff.

Mr. JOHN R. MacNICOL (Davenport): Mr. Speaker, I rise to support largely what the hon. member for Winnipeg North Centre (Mr. Knowles) has said, and also the additional remarks of the hon. member for Nanaimo (Mr. Pearkes). I did not hear the proposal made by the minister, but I am sure it is a good one and is in the right direction. I do not know whether the stenographers who have been on the staff for some years are included in the list of those to be made permanent. If so, I am in accord with that.

I know there are a number of stenographers who have been here quite a few years. If they are not on the list, some provision should be made for them. It always struck me as being most unfair that these women who served us so faithfully in taking care of our mail should be turned out at the end of the session. Some consideration should be given to them. Whether they are to be put on a yearly rate or not is a matter for the government to decide, but I rose merely to say that I agree with the suggestions that have been made. I hope that in making the selection all employees will receive fair play, particularly those who have been here ten years or more. In my opinion they should receive more consideration than those who have been here only a year or two. I presume the minister will take that into consideration.

Mr. A. L. SMITH (Calgary West): I ought to make a good speech on this matter, Mr. Speaker, based on the fact that I know nothing at all about it. Now that I have read this document which has been tabled, I know less. It is not a report at all. It just gives a list of positions; it refers to "one principal clerk," "one charwoman" and all that sort of thing. We do not know what has been done with these people, when they were appointed, who they are, or what we are going to do with them. When we pass this motion, therefore, I shall not have the least idea what we are passing.

I think this is a terrible way in which to bring up matters and ask us to vote intelligently on them. Perhaps it is my own fault, but I am incapable of voting intelligently on this. I realize that. When I vote I want to assure you, Mr. Speaker, that my vote will show a complete lack of intelligence on my part, but in that respect I do not think I shall be in a small minority in this House of Commons.

Mr. W. CHESTER S. McLURE (Queens): I should like to ask for some information with respect to this matter. I am in the same position as the hon. member for Calgary West (Mr. Smith). We have probably a few members of the house who know what is going on, but I think the hon. member for Calgary West was quite right when he said the same knowledge should be given to all members. I should like to ask if the increases mentioned apply to the sessional staff of the House of Commons.

Mr. GIBSON (Hamilton West): We have not reached the increases yet. They are provided for in a separate motion.

Mr. McLURE: The wording here is salary increases and establishment of the house. There is something radically wrong when even the minister does not seem to know what it is about. In view of the fact that none of us know anything at all about it, I think it should be laid aside for a little while until we get some information.

There is another question I should like to ask. How many years of service on the House of Commons staff have some of the stenographers who are now being made permanent? Why are the senior members of the stenographic staff not included in the list? I know of several stenographers who have had more than fifteen years of service on the staff but who are not included. There is discrimination somewhere. I think this matter should be left over until we get some information at least as to who these people are, why they are being appointed and a few other points of information that every member of the house has a right to have.

Mr. J. O. PROBE (Regina City): Undoubtedly, Mr. Speaker, the report that is before the house at the present time is sketchy. We cannot get away from that fact. It is also true that many of the members have been made aware of certain pay inconsistencies and various kinds of inequalities. It is appropriate that some more detailed investigation should be made of the whole matter of temporary employment by the House of Commons, as well as by the various departments of government throughout the country. While I agree with the hon. member for Ottawa East (Mr. Richard) that there should be a committee set up to look into this matter, my opinion is that it should not be delayed until next year but should be undertaken at the earliest possible opportunity.

It comes to my mind in the discussion of temporary employees that at one time I personally took up in this house with the Minister of Labour (Mr. Mitchell) certain aspects of it. I asked him why there should be so many employees in his department who were listed as temporaries, and how long it would be necessary for them to work as temporary civil servants before their appointments were made permanent. As I look at the estimates for 1948, I find a limited change in that regard. It would seem to me that five years on a staff as a temporary employee should be long enough to enable it to be decided whether the employee is or is not suitable to be taken on the permanent staff.

There is also the matter that was mentioned by the hon. member for Nanaimo (Mr. Pearkes). We have no assurance in this report, or no comment of any kind, as to what the position is with respect to the veterans preference for those who are on the House of Commons staff. Mention has also been made of the fact that there is no provision for pensions for members of the temporary staff, no matter how long they may be employed. There is also no indication of provision for automatic increases from year to year of service. As I look at this report, it appears to me that those at the top of the scale are fairly well looked after while those at the bottom are ignored.

I want to remind the house, with respect to the remuneration of temporary civil servants—and this is true right across Canada—that in some provinces temporary federal employees are paid salaries or wages which are below the minimum wage of the province. That condition is backed by force of law, because provincial wage statutes—as for example, those in Saskatchewan—are not enforceable with respect either to employees of the dominion government or to persons who have contracts with the dominion government. A court decision was rendered recently in Saskatchewan to the effect that a temporary Christmas employee of a postmaster was not subject to the minimum wage laws of Saskatchewan, because the federal government was the employer. Those employees were getting less than the $18.50 a week minimum provided for by the statutes of my province. Such matters should be investigated by this committee.

Then with respect to employees of the House of Commons who are working part time only, provision should be made that after a few years they be put on an annual salary;

and if it is necessary for them to travel to Ottawa from a distance, travelling allowances should be provided to and from Ottawa.

There is one final bone of contention, Mr. Speaker, that I should like to throw into the laps of the members of the House of Commons. In this building and elsewhere in the public service there are long-service employees who enlisted in His Majesty's forces. By regulation of the civil service commission, they were cut off from superannuation rights at that time, and on their re-employment those superannuation rights were and still are denied to them.

Mr. SPEAKER: Order.

Mr. PROBE: I see that Your Honour is rising, and I intend to take my seat. But I say that these questions should be settled now.

Mr. T. J. BENTLEY (Swift Current): I wish to say just a few words, Mr. Speaker, in connection with this motion. The matters referred to in the motion made by the Secretary of State (Mr. Gibson) are, I believe, contained in sessional paper 139B. While I am not going to oppose the motion, I think a great deal is left to be desired. Even though I may not have any great amount of information about the operation of the various staffs in the House of Commons, and in that respect am in the same position as the hon. member for Calgary West (Mr. Smith), nevertheless I have the ordinary powers of observation. In one place I notice that the head of a staff of five has a salary increase from $3,420 to $3,900. I do not think that is too much. But I also notice that in the next case, that of the head of a staff of which 150 people are employed, the salary increase is only from $3,600 to $3,900. It seems a little inconsistent that a person who is expected to maintain discipline and keep happy and harmonious relations in a body of people 150 strong or thereabouts is paid at the same rate as one who has far less responsibility.

Mr. GIBSON (Hamilton West): On a point of order, may I say that the hon. member is discussing the wrong motion.

Mr. SPEAKER: I must call the attention of the hon. member (Mr. Bentley) to the fact that the motion before the house reads as follows:

That the organization and establishment of the permanent positions on the staff of the House of Commons 1948, laid on the table on Thursday, 29th April, 1948, be approved.

We are not discussing salaries.

[Mr. Probe.]

Mr. BENTLEY: Very well, sir; I shall wait until the appropriate motion is moved.

Mr. D. KING HAZEN (Saint John-Albert): May I ask the Secretary of State a few questions before he replies? How many employees of the staff of the House of Commons have received permanent appointments since the war ended? How many employees of the staff of the House of Commons have received permanent appointments since the last report was made, and how many of those employees served overseas during the last war?

Mr. GIBSON (Hamilton West): Mr. Speaker, I can only say in answer to the questions of my hon. friend that no employees of the House of Commons can be made permanent except by the house itself. The purpose of the motion before the house is to provide permanent positions for some 102 employees of the House of Commons which up to the present time have been filled by temporary employees. The establishment must be approved by the house itself. When the establishment has been approved the positions will be filled by the civil service commission; and, of course, in reply to the hon. member for Nanaimo (Mr. Pearkes), I may add that in making these appointments the civil service commission will allow the veterans preference as provided by law.

This motion does not deal with the question of salaries. That matter comes up in a following motion on the recommendation of the civil service commission.

So far as this motion is concerned the establishment was approved by the commissioners of internal economy. It would provide permanent positions to a large number of temporary employees who have been employed for a considerable number of years as temporaries on the staff of the house.

Mr. KNOWLES: Will the Secretary of State permit a question? Will he make some comment on the matter to which I referred, with respect to a pension plan for sessional employees?

Mr. GIBSON (Hamilton West): That has nothing whatever to do with me; it comes under the Minister of Finance.

Mr. KNOWLES: Back where we started.

Mr. LENNARD: Could we not have a list of the 102 employees who are being made permanent? We are voting to make permanent 102 employees of the House of Commons staff and do not know who they are.

Mr. GIBSON (Hamilton West): We are not voting on any employees at all. We are

voting on the positions as contained in a list which was tabled on April 29.

Mr. SMITH (Calgary West): One copy was tabled, and the 242 of us are expected to read one copy.

Mr. PEARKES: Will the Secretary of State advise me whether veterans who are on a sessional basis will have equal opportunities with those who are on a yearly basis but still are temporary employees?

Mr. GIBSON (Hamilton West): This new establishment provides for the permanent appointment of thirty constables. There are thirty constables on the entire staff, and this provides that nineteen positions now temporary will be on a permanent basis.

Mr. E. G. HANSELL (Macleod): We in this corner of the house have been silent on this matter, for the reason that we find ourselves in the same position as the hon. member for Calgary West (Mr. Smith) and others—we do not know anything about it. I think I can say that that goes for almost everything that happens in respect to the staff and management of the House of Commons. I am not an old member of this house, but I am older than some, having been here since 1935, but I do not know the first thing about how the House of Commons in general is managed. I am going to have something more to say on that when the estimates of the House of Commons come before us.

I believe that the internal economy commission as now constituted is all wrong. I do not believe that the responsibilities devolving upon them should devolve upon Your Honour and four cabinet ministers. Each group in the house should have someone on that commission so that we could all become acquainted with what is going on. I do not know whether you know it, Mr. Speaker, but it would be a much healthier thing for you if all members could waylay a lot of rumours that go around concerning appointments for this and that, and a lot of other things that come to our ears about which we cannot do anything. We do not know anything, and we would not want to get involved in it anyway.

With respect to the appointment of, shall I say, the secretarial staff, I think, Mr. Speaker, that the present method of procedure is all wrong. Hon. members find themselves in this position, that their secretaries are appointed by somebody else. I should like to know who has the right to appoint anyone to work for me. I am the only one who should do that. The government assumes certain responsibilities that it has no right to assume. The government does not employ us. Extensive revisions are needed in the House of Commons Act, I am sure. The government does not employ us; we members of the House of Commons are not responsible to them. We sit here. They do not want us to sit here. We sit here because our people put us here and we are responsible to them. What happens with respect to the appointment of a member's stenographer? I am in a perfectly good position to discuss this, because I have no grievance with any stenographic help that I have ever had; it has always been satisfactory so far as I am concerned. If I had made the appointment I could not have done any better. But a principle is involved. Some Liberal member recommends a secretary whom I have to take.

Mr. McILRAITH: No.

Mr. HANSELL: That is right. I have not been here all these years—

Mr. SPEAKER: May I call the attention of the hon. member to the fact that his remarks are not relevant to the motion before the house which has to do with the organization and establishment of the permanent positions on the staff of the House of Commons, 1948, laid on the table on Thursday, April 29, 1948.

Mr. HANSELL: I thought I was within the rules. The motion has to do with the organization and establishment of permanent positions on the staff of the house. The employees have to be here before they become permanent. If they become permanent they are here. We see them all the time; they work with us and we work with them. I do not know why I am not in order. At any rate I have said what I have, and it gives the house some idea of what I will augment at the proper time.

Motion agreed to.

MOTION FOR APPROVAL OF REPORT OF CIVIL SERVICE COMMISSION RESPECTING REVISIONS IN CLASSIFICATIONS

Hon. COLIN GIBSON (Secretary of State) moved:

That the report from the civil service commission respecting revisions in classifications of officials of the House of Commons laid on the table on Thursday, 29th April, 1948, be concurred in.

Mr. JOHN BRACKEN (Leader of the Opposition): Before the motion which is now moved by the Secretary of State is passed, I should like to know whether this is all the

information the house is expected to have before making the disposition which is proposed with respect to increases in salaries. Is this all the information we are to have before these increases become effective?

Mr. GIBSON (Hamilton West): The list has been tabled. If the house desires more time to go into it I do not mind withdrawing the motion for the time being, but it means that the increases will not go into effect as soon as they would otherwise.

Mr. A. L. SMITH (Calgary West): Will the minister let us know who the persons are that are affected—not all of them, but those holding the more senior positions? In other words, there are some, I gather, temporarily occupying permanent positions. Some of us have formed some judgment as to certain persons, and when we are increasing salaries I should like to know to whom we are paying them. As the hon. member for Macleod (Mr. Hansell) has said, we are asked questions which we cannot answer. Maybe it is our fault, we are so ignorant; nevertheless that is our position. We think therefore it might be of assistance if we could be properly informed so that when someone speaks to us about a certain person we can say: Yes, I know that chap Smith; he is a very good man and he deserves the increase in pay which he is given. I should like to be able to answer simple questions of that kind.

Mr. SPEAKER: May I point out to hon. members that on this motion, as on others, hon. members may speak only once. The minister, who is the mover of the motion, is allowed to speak a second time in order to close the debate. I suggest to hon. members that if they wish to speak on the question they put all the questions which they would like to have the minister answer, and he will deal with them in closing the debate. Any other course would not be in accordance with the rules.

Mr. BRACKEN: I am not one of those who on this matter wishes to speak at all, but I should like to know exactly what we are doing in passing the motion. As I understand it, the motion of the Secretary of State is to this effect. Certain figures indicated in the report which was tabled on Thursday last will become final on approval by the House of Commons, a report applying to some scores, perhaps hundreds of officials. If by this action today that is all that is required to be done in order to make these increases effective, I suggest that we are not being given much information before dealing with the matter. That is my only complaint. I do not know that it is a complaint, but I do not think the house is being given as much information as it should have before it gives final approval to the proposal.

I think everyone in the house will want to do justice to all the persons affected, and personally I would not expect that there would be much objection to the proposal. But I dislike dealing with the matter in so informal and speedy a fashion, when in matters affecting the estimates we take so much more time.

I believe, Mr. Speaker, I would be expressing the views of all members if I suggested to the minister that the members ought to have a little time to consider in greater detail what this report means. I think better progress would be made than if we proceeded in this way.

Mr. GIBSON (Hamilton West): There are 47 classes involved, and in view of what has been said, if hon. members wish to have more time to go over the salary ranges recommended I should be glad to consent to the adjournment of the debate so that it can be brought up later.

Mr. SMITH (Calgary West): Tell us who they are.

Mr. KNOWLES: On a point of order, I believe it requires unanimous consent to withdraw the motion.

Mr. GIBSON (Hamilton West): I am adjourning the debate.

Mr. KNOWLES: That is a different story. The Secretary of State said he would withdraw the motion.

Mr. GIBSON (Hamilton West): I have just said I would move the adjournment of the debate.

Mr. COLDWELL: Before the motion is put, I should like to ask whether the minister will move the motion again, or rather have the debate resumed, at an early day; because salaries are involved, and if the debate were adjourned without an understanding that it will be resumed quite soon, it would delay the payment of these salaries to persons who need the money.

Mr. GIBSON (Hamilton West): If I gave some of the classes that are affected by this motion it might be of assistance, but if hon. members wish to look over the list as a whole I would prefer to have them do so and discuss it later. This motion covers increases in 47 different positions, some of which are: Editor

of debates and chief of reporting branch; Chief of committees and private bills branch; Chief of English journals; Editor of French debates and chief of French reporting staff; Associate editor of debates and reporter; Assistant chief of English journals. It goes on: Chief of stationery and requisitions branch; Chief of House of Commons stenographic branch; Deputy sergeant-at-arms; Chief of equipment, purchaser and storekeeper; Chief of protective service; Assistant chief parliamentary messenger, and so on. These are all positions in which increases have been recommended by the civil service commission.

Hon. ALPHONSE FOURNIER (Minister of Public Works): Before the debate is adjourned I wish to say one word. All through the civil service, requests have been made that increases be granted to civil servants. The commission was charged with the work of making a survey in every department, in every class of civil servant, and they have proceeded in the last four or five months to make investigations and recommendations. The survey has been almost completed for all civil servants. There remains this group of the House of Commons, and the civil service commission now makes a report after carrying out that survey, recommending the increases mentioned in the list which has been tabled. Any delay in adopting this report will mean a delay in giving the increases in salaries to these employees of the House of Commons. I agree with the leader of the C.C.F. party that the debate should not be adjourned for any considerable length of time. In two or three days the house should revert to the motion and try to carry it.

Mr. BRACKEN: One question. In view of the statement made by the Minister of Public Works that any delay in deciding the matter will postpone the time when the increases will come into effect, may I ask the Secretary of State to say whether the increases are to be retroactive, as I understand they are to be, to a certain date, so that any decision we make now will not affect that date at all?

Mr. GIBSON (Hamilton West): If the house carries it.

Mr. BRACKEN: The house will want that assurance.

Mr. GIBSON (Hamilton West): If the house carries the motion the salaries will date back to October 1, 1947.

Mr. BENTLEY: Mr. Speaker, I hope I shall be in order now—

Mr. SPEAKER: I should like to know whether it is the minister's intention to proceed with the motion or to move the adjournment of the debate.

Some hon. MEMBERS: Adjourn.

Mr. BENTLEY: Before the motion for adjournment is put I should like to make a suggestion. This matter is pretty confusing to many of us. Is there any method by which it may be dealt with in committee of the whole, where we can ask questions back and forth and get the information we want, instead of in a formal debate of this kind?

Mr. KNOWLES: Standing order 50.

Mr. BENTLEY: That is what I suggest.

Mr. GLADSTONE: May I suggest to the minister that, in asking that the motion stand, he have printed in *Votes and Proceedings* the reports tabled last Thursday?

Mr. BOUCHER: On a point of order, Mr. Speaker, lest my speaking now should bar me later when I have further information, if the minister intends to move the adjournment of the debate will he so state; and will he say also that he will give us copies of these documents, or have them printed in *Votes and Proceedings*, as has been suggested? At the same time he might indicate when the debate will be resumed, and whether any increases granted by virtue of this reclassification will be retroactive to October 1 of last year, even though there may be a delay of a day or two in actually adopting this recommendation. Then the house will have the facts clearly in mind.

Mr. GIBSON (Hamilton West): If hon. members will refer to the report they will see that it reads:

> In accordance with sections 12 and 61 of the Civil Service Act, the civil service commission recommends that the following changes in compensation be approved, effective from October 1, 1947.

While there will be some delay in the employees getting their increases if this resolution is not carried today, or at least if it is held up for any considerable time, if the resolution is eventually approved by the house they will receive their increases as from October 1, 1947.

I am quite prepared to have the report printed in *Votes and Proceedings* and then continue the debate at an early day, as has been suggested.

Mr. KNOWLES: Just one word on the question whether or not we should adjourn this debate. It seems to me that if we have

more time on it we will not object to any of the increases recommended in this report; we will vote for it as it is. But we would like a further report dealing with employees not covered in this document.

Mr. SPEAKER: Mr. Mutch moves that the debate be now adjourned.

Motion agreed to and debate adjourned.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

HISTORY OF SECOND WORLD WAR

Mr. JUTRAS:

1. What is being done to prepare histories of the armed forces of Canada in the second world war?
2. When are the expected publication dates for such histories?

Mr. LAPOINTE:

1 and 2.

(a) Navy—Three volumes in English and French, as follows:

Volume 1—Events prior to 1939, Volume 2—Policy and Administration 1939-1945, Volume 3—Operations.

Volumes 1 and 2 are nearly completed and will probably be published this year.

Volume 3 is under preparation and will be published in 1949.

(b) Army—

(1) Already published in English and French, three popular booklets as follows:—No. 1—"The Canadian Army at War"; No. 2—"From Pachino to Ortona, the Canadian Campaign in Sicily and Italy, 1943"; No. 3—"Canada's Battle in Normandy".

(2) A one volume historical summary entitled "The Canadian Army, 1939-1945—An Official Historical Summary" will be published May 5, 1948.

(3) A three volume history is in course of preparation and will be completed by the end of 1950.

(c) Air Force—Three volumes as follows:—"The R.C.A.F. Overseas—The First Four Years"—published 1944; "The R.C.A.F. Overseas—The Fifth Year"—published 1945; "The R.C.A.F. Overseas—The Sixth Year" is ready for the printer and is expected to be published this year.

(d) Combined Services

(1) A two volume medical history covering all armed forces and civilian services is in course of preparation and will be completed by the end of 1951.

[Mr. Krowles.]

(2) A volume on policy covering all three services is in course of preparation and will be completed by the end of 1950.

CANADIAN ARMY—APPLICATIONS FOR SERVICE FROM MEMBERS OF INDIAN ARMY

Mr. ISNOR:

1. Have any members or former members of the Indian army applied to join the Canadian army?
2. If so, what has been the result and what are the conditions on which such applications are accepted?

Mr. LAPOINTE:

1. 28.

2. 5 accepted—23 rejected.

Of the 5 officers accepted, 3 were former officers of the Canadian army who had transferred to the Indian army during the war and who applied for reappointment to the Canadian army following cessation of hostilities. Of the other 2 officers accepted, one had special professional qualifications for a corps which was, and still is, short of officers, and the other had special technical qualifications which were required by another corps which at that time was also short of officers.

The regulations governing application and the standards of acceptance for the Canadian army (active force) are applicable to officers serving or who have served in His Majesty's military forces during the period of the second world war. Officers of the Indian army are accordingly eligible.

DEMOBILIZATION

Mr. SINCLAIR:

1. Has demobilization been completed of (a) all personnel enlisted for the period of hostilities only; (b) all personnel of the interim force?
2. If so, at what date were these demobilizations completed?

Mr. LAPOINTE:

1. (a) yes; (b) yes.

2. 30th September, 1947. Former members of the permanent force being retired or discharged to pension, although demobilized on 30th September 1947, were permitted to continue their rehabilitation leave beyond that date. The last officer in this category completed his leave on 16th April, 1948, and the last other rank on 19th March, 1948.

NATIONAL DEFENCE—SEARCH AND RESCUE SERVICE

Mr. ISNOR:

1. Does an organization exist within the Department of National Defence to perform the functions of search and rescue?
2. If so, when was such organization set up?
3. What facilities has it?
4. What missions have been undertaken by such organization?

Mr. LAPOINTE:

1. Yes.

2. Throughout the recent war, the Royal Canadian Air Force operated a search and rescue service, established primarily to render aid to R.C.A.F. aircraft in distress. In order to meet a requirement for an over-all search and rescue organization in Canada, that service was reorganized on the 18th June, 1947.

3. The following specially equipped air and marine craft are available to the search and rescue organization:

Location—Aircraft

Trenton: 1 Canso, 1 Norseman.

Halifax: 3 Lancasters, 1 Canso, 1 Norseman, 1 Helicopter; marine craft—2 high speed rescue launches based at Dartmouth, N.S.

Edmonton: 3 Canso, 2 Norsemen, 1 Helicopter.

Fort Nelson: 1 Dakota, 1 Norseman.

Whitehorse, Y.T.: 1 Dakota, 1 Norseman.

Winnipeg: 1 Canso, 1 Norseman.

Vancouver: 1 Lancaster, 1 Canso, 1 Norseman; marine craft—2 high speed rescue launches based at Patricia Bay, B.C.

The Royal Canadian Navy, the Canadian Army, and other government departments co-operate when required.

4. From the date of reorganization, 18th June, 1947 to 31st March, 1948, the following missions have been undertaken:

Search for missing aircraft	13
Search for missing marine craft	13
Evacuation of sick and/or injured	16
Missions to provide medical assistance	2
Total	44

ARMED FORCES—WAR SERVICE GRATUITIES

Mr. CROLL:

1. What progress has been made by the board of review under the War Service Grants Act and in reviewing the cases of members of the armed forces who were dishonourably discharged?
2. What was the total of dishonourable discharges from the three services?
3. How many of these cases have been reviewed and finalized?
4. In how many of the cases reviewed has an award of war service gratuity been approved?
5. How many cases remain to be reviewed?

Mr. GREGG:

Return at midnight, April 29, 1948:

1. The progress made by the board is indicated by the answers to parts 2 to 5.

2. 8,432 cases that fall within sections 11 and 12 of the War Service Grants Act, 1944, have been reported to the board by the three services.

3. (a) 5,159 cases have been ordered entitled to the benefits of the act by this board; (b) 3,035 cases have been refused.

4. Answered by part 3 (a).

5. 238 cases are under review at present.

ARMED FORCES—MEMBERS OR FORMER MEMBERS SERVING PRISON TERMS

Mr. DION:

1. How many members or former members of the armed forces of Canada are still undergoing sentence in civil penitentiaries or jails for offences committed while they were members of the armed forces on active service in Canada or abroad?
2. For what offences were they convicted?
3. What provision is there for reviewing and commuting or remitting the sentences?
4. How many of the men now in penitentiaries have had their sentences reviewed and how many have had them reduced?

Mr. LAPOINTE:

1. Thirteen.

2. Conviction by civil authorities, 5; Theft, 3; theft and forgery, 1; immorality, 1. Conviction by service authorities, 8: Aiding enemy, 3; murder, 3; manslaughter, 2.

3. The Department of National Defence has no authority to intervene with convictions by civil authorities. Reviews of sentences of all members or former members of the armed forces are conducted at least every six months, at which time commutation or remission is considered.

4. All ex-members of the forces now in penitentiaries, as a result of sentences by courts-martial, have had their sentences reviewed every six months at least. Of the eight at present incarcerated, as a result of sentences by courts-martial, seven have had their sentences reduced.

QUARANTINE CLEARANCE TO VESSELS BY RADIO

Mr. MARIER:

1. Has the practice of granting quarantine clearance to vessels by radio been fully restored?
2. If so, what areas does it cover, how many vessels were cleared in this way and how many boarded?

Mr. MARTIN:

1. Yes.

2. All parts of the world except the orient, including territory in Asia and in the adjacent Pacific, east of the Mediterranean, but not including Australia, New Zealand or the Fiji islands.

During the fiscal year 1946-47, 1,355 vessels were granted radio pratique, of which 1,000 were boarded for inspection before granting pratique.

During the fiscal year 1947-48, 1,561 vessels were granted radio pratique, of which 1,057 were boarded for inspection before granting pratique.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PURCHASE OF HALIFAX HOTEL PROPERTY

Mr. BLACK (Cumberland):

1. What did the government pay for the Halifax hotel property at Halifax, Nova Scotia, from whom was it purchased and when?
2. What have been the expenditures for (a) equipment and furnishings; (b) plumbing and heating installation?
3. What have been the yearly expenditures for upkeep (a) repairs; (b) fuel; (c) janitor services; (d) taxes, etc.?
4. What have been the total costs?
5. For what purposes is the property now being used, has it been offered for sale and at what price?
6. What sums have been realized?

CHEESE EXPORTS AND SUBSIDIES

Mr. KIDD:

1. What is the total poundage of Canadian cheese exported to Great Britain each year, from 1920 to 1947?
2. What is the total amount of subsidy paid on cheese during each of the respective years?
3. What is the total poundage of butter exported to Great Britain each year from 1920 to 1947?
4. What is the total amount of subsidy paid on butter during each of the respective years?

MOTION FOR PAPERS

NATIONAL HOUSING—CONVERSION IN HAMILTON DISTRICT

Mr. LENNARD:

For a copy of all contracts and detailed receipts for moneys paid out in connection with the national housing conversion at 72 Victoria avenue, South Hamilton.

Mr. LENNARD: I have received the information I require at the moment. If it is understood that any further information required will be forthcoming, I am prepared to drop the motion.

Mr. SPEAKER: Dropped.

FLOOD CONDITIONS

SOUTHERN MANITOBA—SUGGESTED INVESTIGATION BY INTERNATIONAL JOINT COMMISSION

On the orders of the day:

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I should like to take this opportunity to answer a question asked on April 29 last by the hon. member for Provencher (Mr. Jutras), as reported at page 3436 of *Hansard*. The question was:

Is the minister aware that the disastrous flood in Manitoba, particularly in the southern portion, has been caused to a very large degree, by foreign waters flowing north into the province, and that this disaster is a recurrent affair? Will the minister ascertain and tell the house whether the terms of reference which were issued to the international joint commission in January of this year, to investigate and report on the drainage basin of the Red river are broad enough to allow the commission to make a complete recommendation with a view to preventing the recurrence of such floods?

Our information is that the present flood—or perhaps I may call it the recent flood—did come principally from international waterways which flow from the state of North Dakota into the province of Manitoba. While to some extent it is a recurrent flood, it had caused no disaster of this magnitude since 1916.

The reference to the international joint commission dated January 12, 1948, covering waters from the eastern boundary of the Milk river drainage basin up to and including the drainage basin of the Red river, does allow the commission to make recommendations with a view to preventing the recurrence of such floods.

BUSINESS OF THE HOUSE

CALLING OF ITEMS NOT ON ORDER PAPER

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I should like to direct a question to the Prime Minister about which I have not spoken to him because it arises in connection with the debate which took place this afternoon. Certain reports were tabled on Thursday last. We come to the house today and the Secretary of State (Mr. Gibson) moves that the house approve those reports. The house had no intimation that he was going to move that motion.

Mr. GIBSON (Hamilton West): Oh, yes; it was in *Votes and Proceedings*.

Mr. KNOWLES: But not on the order paper and not announced Friday night.

Mr. CHEVRIER: Read *Votes and Proceedings*.

Mr. BRACKEN: My only point is that if we know these things are going to be brought up we can be ready to deal with them. I looked at the order paper. It was not there. If we have to look at *Votes and Proceedings* as well, that is something else again. I think the house should know when these matters are to

come up. I accept the statement of the minister that we should have known, but I have always gone by the order paper, and it contained nothing to indicate that these matters would be brought up.

RESTORATION TO ORDER PAPER OF QUESTION AS TO HOUSING CONVERSIONS IN HAMILTON DISTRICT

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, on April 29 I suggested that a question standing in my name had not been fully answered on April 28, and requested that it be restored to the order paper. That has not been done. I should like to know if there is any good reason why it should not be done and, if not, when it will be placed on the order paper again, to be completely answered.

Mr. G. J. McILRAITH (Parliamentary Assistant to the Minister of Reconstruction and Supply): On Thursday last when the hon. member for Wentworth raised the point I was not able to hear clearly what he said. This morning I had an opportunity to look at his remarks in *Hansard,* and I now understand their purport. Upon reading the question it would appear that there may be some deficiency in the answer. If there is, I certainly shall be most agreeable to having the question go back on the order paper and any supplementary information that may be available brought forward as soon as I have an opportunity to look into the matter. I may say there is an order for return related to the same subject matter, and the same remarks made with reference to the question, in answering it, would apply to the order for return. If further or more complete information can be obtained in any way it will be brought forward by way of supplementary return.

REQUEST THAT PROCEEDINGS IN RAILWAY COMMITTEE ON BILL 8 BE REPORTED

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I should like to ask a question of the Minister of Transport. My question has reference to Bill No. 8, the Bell Telephone bill, which has been referred to the committee on railways, canals and telegraph lines. I do not see the chairman of the committee in the chamber. I think in the public interest the proceedings of that committee should be reported as even divorce cases are. It would keep the record straight and save the time of the house later on.

Hon. LIONEL CHEVRIER (Minister of Transport): I do not think that that is a matter for the minister to decide. It is for the chairman of the committee together with the members of the committee to decide whether the evidence should be published. I do not think there would be any objection.

NATIONAL DEFENCE

VISIT TO CANADA OF UNITED STATES SECRETARY OF DEFENCE

On the orders of the day:

Mr. G. R. PEARKES (Nanaimo): Mr. Speaker, I should like to ask a question of the Minister of National Defence. In view of the pending visit at the end of this week of the United States Secretary of Defence, will the minister say whether the chiefs of staff of the Canadian forces will have returned to Canada by that time?

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, arrangements for the chief of the general staff and chief of the air staff to visit and exchange views with high ranking officers of the United Kingdom and various countries of Europe were completed before the visit of the Hon. James Forrestal was arranged. It is impossible to arrange for their return for the visit. Of course opportunities are always available for discussions between our chiefs of staff and high ranking officers of the United States.

Mr. ADAMSON: May I ask a supplementary question? Does that mean that the three chiefs of staff will not be here for what appears to be an extremely important conference? If so, it is surprising.

Mr. CLAXTON: I referred to two chiefs of staff. As I said, there are ample opportunities for them to consult with high ranking officers in the United States.

ACCIDENT AT VERNON, B.C., RANGE

On the orders of the day:

Mr. C. C. I. MERRITT (Vancouver-Burrard): Mr. Speaker, I should like to ask a question of the Minister of National Defence. In view of the press report indicating that three young boys were killed and one seriously injured a few days ago at Vernon, British Columbia, through the explosion of two-inch mortar bombs on the range, will the minister inform the house what steps his department has taken or may take in the future to remove dangerous explosives from such places?

Hon. BROOKE CLAXTON (Minister of National Defence): An inquiry has already been held into that accident, and the report is being forwarded to me here. My information is that this was an old range which had been gone over to recover explosives, and that the boys in question, who were not there on business, had dug down and ran across some unrecovered munitions. A full investigation has been made, and as soon as the report is received I shall tell the hon. member.

CANADIAN NATIONAL RAILWAYS

ACCIDENT CAUSED BY SLIDES NORTH OF KAMLOOPS

On the orders of the day:

Mr. E. D. FULTON (Kamloops): I should like to ask a question of the Minister of Transport. Press reports disclose another wreck on the Canadian National Railways main line forty miles north of Kamloops, which cost the lives of two of the train crew. In view of this recurrence of fatal accidents caused by slides, will the minister assure the house and country that the lives and safety of the crews and the efficiency of the railway's operation will be protected by the installation of safety devices, including slide detector fences, at a much earlier date than that at present contemplated?

Hon. LIONEL CHEVRIER (Minister of Transport): I am sorry to learn of the accident to which my hon. friend refers. I had not been aware of it.

If my memory is correct, there are two methods of dealing with land slides, one of which is to instal the block signals and the other to instal slide detector fences. I am informed that the Canadian National Railways propose to include the sum of a million dollars to instal a block system. I am not sure whether that is to be in the area where the accident referred to occurred, but it is certainly in the area in which these slides have taken place heretofore. It is also intended to instal slide detector fences, and they are proceeding toward that end immediately.

Mr. FULTON: I should like to ask a supplementary question. The purpose of my question this afternoon was to ask that the minister instruct—if I may use that word—the officials to proceed with the installation at an earlier date than that contemplated at present? The indications are that they will not be ready by next winter. I suggest that they be proceeded with at greater speed than is at present contemplated.

Mr. CHEVRIER: I am aware that, following the disaster to which my hon. friend refers, a report was sought. What the report contains I cannot say. I am informed however that following previous disasters which have taken place the Canadian National Railways came to the decision I mentioned a moment ago. It is the intention to proceed without delay.

HOUSING

HOTEL VANCOUVER—DISCONTINUANCE AS HOSTEL FOR EX-SERVICE PERSONNEL

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I should like to ask a question of the Minister of Reconstruction and Supply relating to veterans housing in Vancouver. Has the old Hotel Vancouver been discontinued as a hostel for ex-service personnel and their families? If the hostel has been closed, has other accommodation been found for the tenants, or were the tenants forced to vacate before they had found other accommodation?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): As my hon. friend is aware, the old Hotel Vancouver has been under lease to the Vancouver rehabilitation council for the past two or three years. The rehabilitation council has operated the hotel as a hostel, and the government has given some financial assistance by way of meeting deficits. Last winter the council advised the government they did not wish to carry on the operation for a further time, and asked to be relieved of that responsibility. Early this year the property was sold by the Canadian Pacific Railway to another owner, and it was intimated then that the lease would not be renewed. The lease would normally expire on May 1 last. It was found, however, that proper arrangements for closing the hostel could not be completed on May 1, and a temporary lease for three months has been granted, to continue until July 1. The intake of tenants at the hostel was stopped on March 1 and the numbers in the hostel are shrinking. Eighty-five per cent of the married couples now in the hotel have indicated that they wish to take the alternative housing offered them by the government.

Married families with children have been given the first opportunity to take one of the six hundred houses now under construction by Wartime Housing in Vancouver. So far as single tenants are concerned, it will be necessary for them to find their own accommodation. That is also necessary for married couples without children. The numbers of tenants are normally shrinking down to a point where the residual problem on July 1 will not be serious, and I think no hardship will result.

EXPORT PERMITS

INTERNATIONAL TRADE FAIR—QUESTION AS TO RELAXATION OF RESTRICTIONS

On the orders of the day:

Mr. E. B. McKAY (Weyburn): Mr. Speaker, I should like to ask a question of the Minister of Finance (Mr. Abbott). As he is not in his seat perhaps one of the parliamentary assistants would reply. In view of the fact that the government is sponsoring an international trade fair in Toronto this month, will the minister state what steps have been taken to relax regulations regarding export permits so that Canadian exporters may realize the fullest benefit from the exhibition?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Mr. Speaker, as the trade fair is under the jurisdiction of the Department of Trade and Commerce, and as that department also operates the export permit regulations, perhaps I might answer the question. As announced, an international trade fair is being held in Toronto, and promises to be a success far beyond the expectations of the department when the plans were first made. So far as the relaxation of export regulations is concerned, export permits are granted freely for any Canadian product which is not essential to the domestic economy and is not required to fill long-term contracts. That will continue to be the practice. I am sure no hon. member would wish us to grant export permits under any other conditions.

WAR ASSETS

BUILDINGS AT FORMER CHARLOTTETOWN AIRPORT

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): I should like to direct a question to the Minister of Reconstruction and Supply. Are all the buildings at Maple Hills, the former airport at Charlottetown, to be declared surplus by the War Assets Corporation? If so, when and how will they be disposed of?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I received no notice of my hon. friend's question, but I would point out that the buildings would be declared surplus not by War Assets Corporation, but by another department to War Assets Corporation. I shall be glad to see if there is any information available in the department and answer the question later.

LABOUR CONDITIONS

CREWS OF FEDERAL HYDROGRAPHIC SURVEY SHIPS

On the orders of the day:

Mr. G. R. PEARKES (Nanaimo): I should like to ask the Acting Minister of Mines and Resources a question based upon a telegram which I received this morning from Vancouver island. Have the crews of the department's hydrographic survey ships, the *William J. Stewart* and *Perry*, been asked to sign contracts based on last year's wages, and have they refused to do so, thus causing a tie-up of the vessels?

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): I have instituted inquiries and hope to give the hon. member an answer tomorrow morning.

TARIFFS AND TRADE

CANADA-UNITED STATES—QUESTION AS TO REDUCTION IN CUSTOMS DUTIES

On the orders of the day:

Mr. W. ROSS THATCHER (Moose Jaw): I should like to ask the Minister of Trade and Commerce if the Canadian government has recently made any representations to the government of the United States asking for a new trade treaty to reduce the tariffs between the two nations, this apart from the Geneva or the Havana agreements? If so, has the American government made any response?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): That question should be directed to the Minister of Finance. The Minister of Finance made a statement on the subject a short time ago and any further information would come from him.

Mr. THATCHER: I will refer the question to him tomorrow. Will the minister ask the Minister of Finance about it?

Mr. KNOWLES: Refer it to the Liberal convention in August.

SUPPLY

EXTERNAL AFFAIRS

The house resumed from Friday, April 30, consideration of the motion of Mr. Abbott for committee of supply.

Mr. RODNEY ADAMSON (York West): Mr. Speaker, as we near the third anniversary of V-E day this debate on Canada's position with regard to external affairs becomes most valuable, perhaps more valuable than is realized at the present time. At the close of hostilities it was the hope of the world that

some intergovernmental organization might be brought into being which, by its collective action, would preserve the peace of the world. We, and I think all citizens of all democratic states, still clung to that hope, despite the failures of The Hague court and the league of nations.

Today with virtually a full scale war going on in Palestine we read headlines in the daily press like this: "Helpless united nations sees war in holy land". The situation, however, is not one where we should throw up our hands and abandon the united nations. The united nations today are possibly at a lower point in world opinion than at any time in their history. They are probably going through a lower ebb of public confidence than the league of nations ever went through until after the abrogation of the Locarno pact.

Despite the jibes, despite the failure, despite the veto clause, despite the everlasting talk, despite the obstructionism that has gone on in the united nations, the only hope for the security of Canada lies in some organization which will bring about collective security. That fact has been brought out through the passage of time. During the French revolution Talleyrand was quoted as saying: "In foreign affairs the best policy is to have no policy". That supremely cynical statement would apply to what has virtually been the policy of Canada in external affairs until the Secretary of State for External Affairs (Mr. St. Laurent) spoke the other day.

I propose to speak a little later on the subject of our trade relations with regard to external affairs, but I want to say now that we have entered into a new era in international affairs. It is obvious by what has happened to that part of the world under the domination of the Soviet empire. It is obvious that steps will have to be taken by the rest of the world to combat this definitely expansionist ideology if we wish to remain free.

One of the steps that are being taken is apparently the abandonment by the United States of the policy of no military alliances which has been in effect from the time of Washington up to the present day. It appears now as though there will be some sort of Atlantic union, or call it by whatever name you like, made up of the countries bordering the Atlantic ocean, whether they be on the European side down to Africa or on the American side from North America down to the outermost parts of South America. In that union the United States will play a dominant part and we, as her next-door neighbour, must be prepared for this new alignment in world affairs.

[Mr. Adamson.]

A military alliance which, as far as I can see, is inevitable under the present circumstances is something which the idealists in the first decade of the twentieth century and in the years after the first world war thought was an anachronism, an archaic revulsion, a return to the wars of the middle ages. I think we and the world have found that we have been driven by force of circumstances into some sort of military alliance with our friends. I see no other possibility at the present time than that this changed fact must be eventually realized.

I said that I proposed to talk about external affairs, particularly as they relate to foreign trade; because this, after all, is the point on which external affairs, relations between countries, first begin to disintegrate. The first troubles between nations are nearly always economic troubles. They lead to further friction and eventually to political action which, as has been said, is the mere forerunner of war. I shall therefore try to deal with the trade situation as it is developing under the present international relationship of the dollar economy and what, for want of another name, I shall call the barter economy.

After the first world war a European banker said to me that the breaking up of the Austro-Hungarian empire meant the end of European economy. He pointed out that the Danubian block formed a great central core of free trade upon which the economy of Europe depended. What he said has been proved to be true, because ever since the treaty of Versailles Europe has not known economic stability. Churchill, in almost the second paragraph of his "Memoirs", mentioned this. After this war there is a strong desire expressed in many parts of the world to break up the British empire, and in fact disintegration has been going on at an alarming rate. The British empire and the Austro-Hungarian empire had many points in common. They were both composed of many different races, speaking many different languages; and, as the German-speaking people in the Austro-Hungarian empire composed a minority, so do the English-speaking people in the British empire.

There is, however, one significant point which we must consider at the present time. The British empire has, despite the individual fiscal autonomy of the various component countries, formed a great worldwide core of trading nations. These individual self-governing nations have had their own tariff policies; but owing to the system of preferences they formed a world system of trade which, if it was not free, at least was infinitely freer than the trade of the rest of the world. If we

allow this group of nations to disintegrate, I fear that the same thing which happened to Europe after world war I will inevitably happen to the world after world war II. The parallel is significant. I mention this in the debate on external affairs, not for any reason of patriotism, but merely as a warning to show how dangerous this lust for ethnic self-determination can be to world trade.

During the period of the nineteenth century, which has been known as the period of the *Pax Britannica,* the beneficent influence cast by the reign of the pound sterling depended, in the final analysis, on British hegemony and an overwhelming preponderance of power ensuring some degree of peace; at least, it ensured that wars would be localized. If, for want of other words, what I shall call the dollar standard is to play a similar role, it will be through the exercise of overwhelming American power on the side of justice. To some idealists this may be an unpalatable fact, but it is as inevitable as night and day, and we must be prepared to recognize it.

This brings me to a critical examination of the Marshall plan. Enormous publicity has been given to this throughout the world, and serious doubts have been expressed as to whether the United States was capable of providing so great a sum and so vast a quantity of material. Some critical examination of this point should be made. In any matter such as this, the salient point is the comparison between the expenditures and that of the total national income of the nation as a whole. This is called the gross national product. In 1948, which is the major year of the Marshall plan, the gross national product of the United States is estimated to be $230 billion and the total gross value of the United States gifts and loans is estimated at $9·7 billion, or 4·2 per cent of the gross national product. As a comparison, in 1919 United States gifts and loans, while only one-third as much as they are today, formed a greater percentage, namely, 4·5 per cent of the gross national product of the United States in that year.

These figures, which are the official United States government figures found through the Harriman and Herter committees, must for evaluation be compared with United States exports under normal trading. In the same year, 1948, United States exports of goods and services come to the sum of $19 billion, or 8·3 per cent of the gross national product. The significant feature is that the 1925 to 1929 average of United States exports of goods and services was $6·6 billion, or 7·1 per cent of the then gross national product. It is seen from this that even in 1948, the year of maximum assistance under Marshall aid, actual United States exports of goods and services form nearly double the percentage of the gross national product. That is provided under the Marshall plan. The extremely significant point is that, even under the most unfavourable conditions, business between corporations and individuals is double that of business between governments.

The Canadian situation is even more intensified, because we are approximately three times as dependent upon foreign trade as is the United States. As a matter of fact our dependence is even greater than this, because, while our percentage trading position is three times as great as the United States, the loss of a third of our total trade would be infinitely more than three times as serious as the loss of ten per cent of the United States total.

This brings me to my next point with regard to trade, and world trade is the essential backbone of foreign relations. Our position in Canada is extremely hazardous because we are placed between the dollar economy of the United States and the barter economy of the rest of the world. Our shortage of United States dollars and the resultant austerity program, instigated by the present administration, is entirely due to our international position. I may say here that, while the austerity program has had some effect, neither it nor any similar program, no matter how drastic, can possibly solve the problem, because it does not tackle the situation at the root.

The drain on United States funds and continuing disequilibration of our over-all trade position are continuing and will continue, despite all the efforts the government may take along the lines of austerity and quantitative restrictions to trade. We are virtually sowing all the evils of state trading, and we have apparently learnt nothing from the past and are following the errors of the United States administration quite blindly.

I want to quote one paragraph of an article which appears in this week's *Newsweek,* and which I think is apt on this point. The article was written by Henry Hazlitt, who is a well known commentator and economic expert. It reads as follows:

> It is disheartening that the President has learned nothing not only from our post-war experience in price fixing, but from the appalling consequences of existing price control in Europe. The most important thing America can do today is to continue to demonstrate to the world the enormous production possible through free prices and free enterprise. We must not cripple ourselves by imitating the very controls that have forced Europe to turn to us for help.

That is very similar to our position in Canada.

I want to mention briefly what is happening in Europe. The international trade organization which met in Geneva, was succeeded by the Havana conference, to be followed eventually by a further conference in Buenos Aires, drew up a charter for the rules on international trade. In order to make the I.T.O. and the Geneva and Havana trade pacts work, the barriers imposed by the complex mesh and network of bilateral trade pacts made by European nations must be overcome. The total possible number of such pacts, which are the very antithesis of the I.T.O. charter, by every combination and permutation between the nations of Europe is 231.

Since the war, no fewer than 113 such pacts have been made. Many of them involve countries with trade monopolies vested in government agencies, and many carried trade through the iron curtain. By this, Mr. Speaker, the European economy has virtually become a barter economy of bilateral pacts. These pacts are in fact an extended form of barter, but their very existence is a danger to Canada because they set up a pattern of trade which excludes any participation by Canada. Western Europe is working out a financial pool, a sort of international checking account to increase trade bilaterally amongst its members. The plan is conceived by the British who are the masters still of the methods of international banking.

What does this mean for Canada? It means that in Europe today there is a vast network of trading agreements between countries trading chiefly in commodities, trading between themselves bilaterally, at variance with all the pious hopes of the I.T.O., but also —and this is the important part—trading to the almost total exclusion of Canada, because the pacts are bilateral.

As I have pointed out, our per capita trade and our world trade done on a free basis constitute an imperative part of our economy; but, as we are suffering from lack of dollars, brought about by our own stupidity, restricting our freedom of action, and as the rest of the world is rapidly forming bilateral barter agreements, despite the pious hopes of the I.T.O. and the Geneva and Havana conferences, our position is becoming rapidly more and more intolerable and our freedom of action is being taken from us.

It is at this point that I want to suggest one measure which, in my opinion, will restore our equilibrium of balance of payments in foreign

[Mr. Adamson.]

trade. That one move is the re-establishment of free markets, particularly a free currency market.

We have to restrict our purchases in the United States and more and more, through the clauses of the I.T.O., as well as through the artificial price structure set up by currency pegging in Europe, we find ourselves unable to buy from Europe, particularly from Great Britain, owing to the high cost of their goods. Incidentally, very recently the United Kingdom told our textile importers that it could not supply Canadian needs for textiles this year. It fell short for many reasons and by many millions of yards. This cost means little in a bilateral agreement which is really a form of barter. If you are exchanging one article for another it does not much matter how much you say your article is worth if you are not to be paid in cash. I should like to quote in this connection one paragraph from a recent article by Jacques Rueff, who was president of the inter-allied reparations agency in Brussels. This is the paragraph:

> The disturbing effect of price control is nowhere more clearly shown than in the sphere of international exchange. The immobilization of the rates of exchange at a level below that which would be assured by the balance of the market dicourages export and often entirely closes foreign markets. For example, it is certain that so long as prices and rates of exchange remain fixed, countries which do not produce gasoline will not enjoy freedom of motor traffic. On the other hand, it provides maximum stimulus to the desire to purchase abroad. It therefore inevitably creates a hunger for foreign currency. Further, the position will continue to deteriorate so long as exchange rates are thus artificially determined. The deficit has a continual tendency to increase those prices which are free as well as black market prices, with the result that production is more and more diverted toward the free or black markets, thereby increasing scarcity on the official markets.

Our currency situation has shown a tendency to stabilize itself at approximately a ten per cent discount in terms of the New York exchange. This is encouraging, but there are discouraging sides to the picture. The investment of United States capital in Canada has greatly decreased in the last two years, and actually there has been a tendency, despite all restrictions imposed, for Canadian capital to leave Canada to seek investment in the United States. This is most dangerous. No one in his senses will invest capital in a country with a pegged or frozen currency. We see at the present time more and more pressure being built up against pegged currency. Mr. Aldridge of the Chase National bank, a close adviser of the United States

government, has stated that more realistic exchange rates must be brought about before the Marshall plan can be really effective. Mr. Harriman of the Union Pacific Railway Company, another close adviser, has said the same thing, and Mr. Hoffman, who I understand was president of Studebaker corporation and who is now in charge of ERP, which is administered by what is called the economic co-ordination administration, the ECA, has echoed these remarks.

There has been a persistent rumour that European currency revaluation was to be undertaken, starting with the Benelux union. Whether this is true or not, revaluation is inevitable. When this occurs our trading position will become more and more difficult. Mr. Speaker, before this happens, I believe that Canada should act.

What I am about to suggest may seem unorthodox to the present planners of our economy, but I believe it is the inevitable solution. I suggest two things. The first is that we free our currency from all controls whatsoever. This may seem a revolutionary suggestion, and there will be those who will say that by doing so we expose our economy to speculators in world currencies, and there are those who will say that our Canadian dollar would immediately sell at an enormous discount. Both these fears are, in my opinion, unfounded. In the first instance I believe it unfounded because the dollar has tended to stabilize itself at a discount of ten per cent on the free market in New York. There are those who say that this is a small market and that is not a true indicator of what would happen if we abandoned controls. I am informed that this is not so, and in fact the transactions on the free market in Canadian dollars in New York run to over $100 million a year.

To say that a free market in Canadian currency would expose our currency to wide fluctuation by speculators is not, in my opinion, a possibility. We have one of the strongest international banking systems in the world, the personnel well versed in the business of foreign exchange. Furthermore, while our currency expansion has been considerable, it has certainly not been out of line with our productive capacity and our industrial potential. Thanks to the ability of our banking system, we have not inflated our currency. The soundness of the Canadian dollar is, in my opinion, appreciated throughout the world.

A third point is that we in Canada are producers of goods which the world must have. I refer particularly to the base metal group of copper, lead, zinc and aluminum. We are also the foremost producer of wood products, particularly of paper. Add this to our agricultural products and we have a virtually impregnable position in world trade under a free market.

One other move which goes hand in hand with this free exchange is the establishment of a free market for gold bullion. This would mean that the Canadian dollar would be not only free but would be transferable into gold at the option of the holder at the day's buying rate for bullion, which would be determined by the law of supply and demand. With an option such as this, the Canadian dollar would then become the prime currency of the world, irrespective of the discount it would sell at in terms of United States currency. With the convertible factor, European nationals would do everything possible to sell in Canada; and I again emphasize the fact that private trading, despite all state controls, is still running several times that of state trading. Even individuals of countries behind the iron curtain are engaging in foreign trade.

To induce European nations to sell to us is the only way in which we can be paid for the goods we sell to them. So long as we engage in restrictive measures against traders, and restrictions in foreign exchange, we shall continually aggravate our dollar situation and at the same time make it more and more difficult for non-dollar countries to sell to us. With this in view and with our absolute dependence upon world trade, we face either freedom or bondage. It is my opinion that the move to free our currency should be taken at once. On this question depends our whole future as a free nation and to me it is the most important question in our entire external affairs position.

Stable exchanges are meaningful and useful only if foreign trade and investment are tolerably free. It is idle to say that the pound is worth $4 if no one can use it. If nations continue to plan their internal economies they must plan their exports and imports. Free trade means much more than tariff reduction; it means a free internal market.

That, Mr. Speaker, is the position in which we find ourselves today. Our position with regard to the United States is well known. It has been discussed for many months in this house. Our position with regard to the rest of the world is just becoming apparent. One-half of the world is trading by barter; the other half is trading by hard currency. In Canada, fixed between those two types of trading, we shall find ourselves squeezed

almost to the extent of international insolvency because our trade will be so restricted. If we, by the method I have suggested and all the other methods, can possibly aid the freedom of trade, then our future and the hope of a continuing healthy economy on a rising scale will not be diminished.

Mr. MAURICE HARTT (Cartier): Mr. Speaker, I consider it a pleasure to be able to participate in this foreign affairs debate, and I sincerely hope that I shall be able to make my modest contribution to this debate on the relationship that Canada must bear and carry with other nations in order that it may exist, in order that it may survive, and in order that it may prosper. And we must not forget the necessity of maintaining peace in a civilized world. I hope Canada will pay a debt beyond a debt, in that it will help to suggest, promote and build international relations to a point where at all times we may be able to avoid war, the greatest scourge that can befall humanity when it reaches that point.

I want to take advantage of this opportunity to congratulate the Secretary of State for External Affairs (Mr. St. Laurent) upon the lucid, definite and categorical exposé he has given this house on the question of international affairs. I regret, however, that one of the principles the minister has accepted is that for regional defence we must work with and depend upon the United States, while on our large-scale policy we must also stand with Britain in determining our world position. I can understand the utility of this statement; I can understand its purpose; but if a nation cannot determine its own foreign policy, if of necessity it must fall between the conflicting interests of other nations, then it does not have the right of self-determination that it should have. Historically, actually and factually the right hon. gentleman could not help but accept the status quo with which we are confronted. By some twist of international mysticism, some ethereal conception of international life, the world has seen fit to divide itself into big fives, big fours, big threes and big twos, while nations which have contributed proportionately as much per capita, if not more, are ranked as secondary powers. Then perhaps there are also third-rate powers. In my opinion it was a grave international error to permit five powers, because of their size, to predetermine the life and future of the whole world.

I am a great supporter of the united nations, but I must say the veto was one of those traps none of the nations should have permitted to exist, even if there had been no abuse on the part of Russia. No nation has ownership of another nation. No nation should be able to tell Canada whether or not she can decide, discuss or express an opinion on a certain matter, whether that is done by Mr. Vishinsky or Mr. Gromyko. No nation should pretend to have the right to say it will veto a certain question. It would be as though a criminal, brought before a court of justice, should tell the court, "I refuse to be tried, and I veto the question." That happened in Iran, in connection with Iranian oil. Russia invades a country, takes possession of territory which is not hers, exploits the people by a fake revolution; and when the question is brought before the united nations it is discussed always under the threat of the veto. Things like this make international fair play impossible.

I must also compliment the government on having established for Canada a multi-partisan committee on international affairs. It is the logical thing to do. This parliament represents all of Canada. We have a common interest; that is, the preservation and well-being of Canada. It matters not on which side of the house we sit; our common interest is Canada. In arranging that all parties in this house be represented on that committee, directly or indirectly, the government has taken a unifying step; and I hope that in and for the future this shall remain a tradition with every Canadian parliament, that foreign policy at least shall be more than bi-partisan and shall be multi-partisan if there are more than two groups in the house. In this house we can act with unity of purpose, with strength and courage for the preservation of this country.

I wanted to refer to a remark made by the hon. member for Rosetown-Biggar (Mr. Coldwell), and I might add that I was quite inspired by his address. In his suggestions as to how to deal with foreign matters I found something rarely heard, that human value and those vital principles common to all humanity. I found him logical, contrary to what someone else may say. I found his remarks pertinent; and when he said that he and his party had always urged that of necessity we must look to the winning of the peace, I was profoundly touched. It is true that the C.C.F. do not have a patent on that feeling, that they were not the only party to make the statement. It is true that it was common talk in the newspapers and on the streets, but the hon. member brought it to the floor of parliament; and I hope it registers with the policymakers as a basis for what shall constitute international obligations and international law.

Unfortunately—and I say this with all deference and respect because I know it is much easier to criticize than to put something into

effect—in my humble opinion no nation in the world had an international policy. It was a question of makeshift and mischief; "what can I get for my own country first, without any consideration of international justice?" For this reason we are in such a terrible dilemma today. The world is more confused than before the war with the nazis. The people do not know whence or whither, whether we are going or coming. They do not know what is the policy of one nation or the policy of another. The question is terribly complex. I agree with the hon. member for York West (Mr. Adamson) that trade is one of the factors for international peace and also for war. It has been said that trade is the search for markets and that war is the obtaining of those markets. But that alone is not the primary factor, and I do not think the hon. member made that claim.

There is a multiple, a complex system of international relationships as regards which, if we lose sight of one, we lose sight of all of them. It is for this reason that it is most difficult to establish an equitable system of international relations.

I have not seen nations stick together for ideological reasons. I have not seen nations stick together because they had prosperous trade. I have seen them break asunder on little points. For instance, at the time of the first world war Germany and England had a common interest in world trade. "Made in Germany", was beginning to get into the hair of Britain. When 1914 came something had to be done to lessen that trade. So that in this instance common interest is not a preservative of peace. Ideological or religious bases cannot alone keep it, either. The one and common ground must be the vital principle of the right of every nation to exist. That must be the primary humanitarian reason. And if that is accepted, no nation can go wrong.

We feel now as we have never perhaps felt in the past, and we shall feel it keenly in the future. I do not say this because I want to praise anyone or for reasons of patriotism, but because I am thinking in terms of objective reality, when I say that at the turn of the twentieth century a void or vacuum was created in the world Britain ceased to be what she was in connection with foreign relations. Never since the days of Henry VIII to the turn of the twentieth century had Britain been so weak in respect of her foreign relations policy. Whether that was by providence, or whether it was because everything that grows does so with the germ of decay, or whether it was by improvidence, or whether it was from lack of knowledge or indifference, the fact is that it was a policy of ponder and blunder.

It was not a policy which could be considered distinctly British. Something happened in the foreign office or the British government which brought Britain to the position where she created a void, a vacuum, which the world has not the ability to fill. Let us look for a moment at the six or eight years before the second world war, and see the blunders made by that nation which was supposed to be best acquainted with international affairs, and which knew the weaknesses and strength of other nations, and it will be seen how Britain brought herself into that position of impotency.

First of all, in 1933 or 1934 they allowed the German government to gain supremacy in the air. Hitler could not have hoped to organize his army, his navy or any military unit in five years. Mr. Baldwin declared in the British House of Commons in 1935: "We shall have not only parity with Germany in the air, but supremacy by fifty per cent". Subsequently he rectified this statement by saying, "If I had said in a certain by-election that rearmament is the policy of Great Britain we would have been defeated". Imagine! The British Prime Minister, the symbol of honour and dignity itself, which served as an example of character and strength, placing his country in danger for a political advantage. To make such an admission in the British House of Commons was beyond human understanding.

But by 1935 Hitler had already acquired supremacy in the air. We will remember when Sir John Simon was Minister of Foreign Affairs, and he went along with Mr. Anthony Eden—like two underdeveloped maidens, meaning well but doing little—to visit with Mr. Hitler and Mr. Mussolini but without any success, so far as peace was concerned. They learned then that Hitler had air parity with Britain.

Then we come to the Spanish incident. Never in the history of Britain, as I know it, was the union jack so humiliated. And when Mr. Chamberlain got up in the British house and said, "I told the merchant marine not to go to Spain; and if they are bombarded and sunk it serves them right"; and when we have the British Prime Minister telling the House of Commons at Westminster, "We do not allow the British flag to fly in all parts of Spanish waters"—because it suited a certain purpose—we have another unmistakable and dangerous precedent which brought Britain to an inferior position in which she finds herself today.

Then there was the question of the Austrian invasion, which was reported ahead of time to Mr. Chamberlain; and it was told to him and repeatedly told to him. That very night he was having supper with von Ribbentrop, who knew Austria was to be invaded, and carried on an inane conversation with Mr. Chamberlain in order to prevent him from getting to the telephone to learn the real facts. England was faced with a *fait accompli* which left her helpless and with loss of prestige.

Then came the betrayal of Czechoslovakia, the most pitiful and most pathetic blunder in the world's history. And at the time Mr. Chamberlain said, "We cannot be of any help to Czechoslovakia, let them take Sudetenland" —and this without consulting Czechoslovakia, but giving them the order to comply—France was allied with Czechoslovakia by a treaty, and obliged to defend that country. But she had to retreat and renounce her pledge, thus giving the bastion of Europe together with the Skoda munition works to Mr. Hitler in preparation for the terrible war to come.

Let me relate another incident, which may not be in chronological order. I refer to Hitler's proposed 25-year non-aggression pact with Great Britain. That was, I believe, in 1935. Within two hours after the proposal was submitted to the British foreign office, the German army was walking into the Rhineland. And these know-it-all statesmen could not see that they were dealing with an international gangster whom they could have stopped, and whom they should have stopped in time.

Personally I think a terrible mistake was made by the foreign office. I do not know whether the whole cabinet was aware, but we hold it responsible, by way of ministerial responsibility. To say at one moment that you cannot guarantee Czechoslovakia because you cannot come to her assistance, and then within a year to guarantee the borders of Poland and Roumania, is a farce beyond description.

So that Britain, slowly and by a series of steps, walked into a position where the dignity and prestige of the British empire—I will go so far as to say that—were brought to a position where no one took Britain seriously.

Mr. SKEY: The Germans did, in the war.

Mr. HARTT: I was going to say how pathetic that remark is.

Mr. SKEY: Don't you believe it?

Mr. HARTT: I was going to say how pathetic it is, that it was not the British statesmen who brought Britain to that position who were killed in the war but the common people who suffered. We know it was the ordinary people—you and I—who went to extricate Britain from that terrible, short-sighted policy.

Mr. SKEY: Speak for yourself.

Mr. HARTT: That is the position. It is very easy to settle somebody else's business as they have done in London. I am not trying to speak disparagingly of Great Britain. I still sing "Rule Britannia" with the same fervor as my hon. friends, but I am stating a series of facts which are indisputable, which are definite and categorical. I am not trying to say something that I have invented.

We won the war because of certain fortunate circumstances, but I shall never forget and I do not think any hon. gentleman here will ever forget the tragedy of the days from 1940 to 1941 when Britain stood alone. I know many of you were uneasy; I know many of you were worried, and I say that if it had not been for a mistaken policy on the part of Hitler, God knows what would have happened. If the Japs had not gone crazy and attacked Pearl Harbor I do not know whether you or I would not have been obliged to say, "Heil Hitler." Not I, for I would not be living; I would probably be a cake of soap.

The course of events which brought England to her present unenviable position was of her own doing. The mistakes that occurred in the second world war were also practised in the first world war. While Germany was attacking France, the British cabinet sat up a whole night deciding whether they should or should not go into the war. They did not realize that there was no alternative; that they had to go into the war as a matter of self-preservation. Sir Edward Grey stood at the window and watched a man turning out the street lamps. He turned and said, "The lamps are going out all over Europe; we shall not see them lit again in our lifetime." It was a question of being shoved in or carried into the war and afterwards trying to extricate herself by some blunder or through some good fortune. To say that it was a definite policy, to say that Britain knew where she was going, is a mistake. To say that Britain happens to be in her present position through no fault of her own is to close our eyes to facts, without being well-wishers of Great Britain.

Blunders were made not only before the war but during the war. Three gentlemen, and a fourth one, Chiang Kai-shek, arrogated to themselves the pre-determination of the entire world and what was to be done with the other nations. They made agreements at Teheran, Yalta and Potsdam about which the world

knew nothing. When we came to the united nations we were faced with a *fait accompli;* we had to accept it, otherwise we would have destroyed the only thing we wished to build. Instead of alliances, what have we? We have spheres of influence.

We shout communism. We are so busy with communism that we forget what is going on around us. It was Mr. Churchill and Mr. Roosevelt who gave Stalin a sphere of influence which he had never dreamed of getting anywhere else. Stalin tried to get it from Hitler and they were negotiating until 1943. All this was given to Stalin before the united nations knew anything about it. This was given by the heads of the nations who participated in the war. They built up this Frankenstein which we are so busy talking about. While Rome is burning we are playing the fiddle.

This totalitarianism which is so nauseating in its nature and in its conception ought to disappear from the face of the earth. There is a complete misconception of communism when applied to the U.S.S.R. There is nothing of the kind in their system of society. To call them communists is to give them a title they do not deserve. There is no communism in Russia; there is just international gangsterism. That is the name for it. To call them communists or socialists is to give a title to their ideology which they do not deserve. The name of slave state or red fascist would be applicable, but the name "communist" is a misnomer and a terrible mistake.

I do not preach war because I do not like it for my own safety or for the safety of my closest neighbours. However I am afraid that we shall not be able to settle this proposition without war. In 1941 when Russia was attacked by Germany I was sitting as member in the Quebec house. I shall mention names so that I can be checked up. At the time I was talking to the Hon. François J. Leduc, a sane, clear-thinking man. He was jumping for joy, and he said to me, "Now we have Hitler". I said, "My dear François, you are building a Frankenstein that will take more to beat than Hitler." He did not agree with me at the time, but when I met him afterwards he told me that he thought I was right.

Russia ganged up on the world after receiving $10 billion in lend-lease, almost half the entire production of the United States. She has used all this to our disadvantage. She took this as a most ungrateful receiver. Our war materials were delivered into Russian territory without our soldiers being permitted to set foot on that territory. She took all she could get with never a thought of repaying it or showing any respect. We had the atom bomb and yet we told Russia that if she would join in the Asiatic war, if she would take a walk down to Korea, we would give her all we could and what she could take.

They cleaned out Manchuria; they cleaned out Poland—I am jumping from the far east to the west—and they cleaned out Korea. Look at what is happening today in Korea. Our united nations is acting like a paralytic in dealing with these problems.

Mr. MacNICOL: They cleaned out the Balkans and the Baltic states.

Mr. HARTT: Yes. The same policy of ponder and blunder was applied to the near east. That is history and you have all read about it. The world's conscience was shocked into action; and it was said that these people—who had given six million lives, half of our people, to the lethal chambers of Hitler, Jews who had been wilfully destroyed as though it were a matter of sport—good God, I am talking to people who profess to be Christians; I am talking to people who think there is a God, I am talking to people who know spiritual values—would be confirmed in their Jewish homeland.

They gave us one-eighth of what was originally promised by the Balfour declaration. We took it because we were satisfied with little mercies. We must have had confidence in the Christian world to have been able to survive for two thousand years in spite of persecutions, slaughter, murder and everything that could be done, even to dumb animals. We accepted partition gracefully, not ungracefully. We were glad to take it for the sake of peace.

Nothing happened between November 29, 1947, and March, 1948, when all of a sudden we heard of a trusteeship which is still being debated without solution and which will require twice the present army to enforce. Now, we have a *fait accompli.* The Jewish state is an accomplished fact. We do not call upon the nations to come to help us. We simply say, "You fulfil your obligations and we will fulfil ours". Their obligation is to keep the surrounding countries from invading Palestine. We will look after Palestine and the little bit of territory that you have assigned to us. The nations did not believe that we could do it. At Lake Success they came to us, or came to our delegations. You will notice, Mr. Speaker, I say "us" because I am Jewish. I never belonged to the zionist movement. I never was a zionist, but I do not differentiate between zionists and Jews; they are one and the same. Those who want to introduce that note of division are simply

not doing justice to this subject. Those who call themselves zionists are the active leaders of a group that want to see the Jews have a Jewish homeland. It was promised to them; the Jews are in Palestine as a matter of right, not as a matter of grace.

It was under the aegis of the league of nations, under the mandate of Great Britain, that the Jews were settled in all Palestine including Trans-Jordan. The Jews accepted it, not as gift but in repayment for services. When Hitler destroyed the 6,000,000 Jews, his argument was that it was not the German army that lost the first world war but rather it was hunger that defeated them. The Jews of Poland were the purveyors of food to the German army, and the moment they heard of the Balfour declaration, they stopped supplying Germany with food. Hitler advanced that claim and nobody has refuted it to this day. The Germans, being an accurate people, kept records to prove this contention. We paid for that with 6,000,000 lives.

Jewish armies went into Palestine under Lord Allenby. We fought for Palestine. Britain recognized and admitted that. During the first world war Doctor Weitzman invented and gave Britain T.N.T., for which he was offered riches and titles. This he refused in exchange for Palestine. When the Jews went into Palestine they bought every piece of land and paid fifty times its actual value. The Effendi took the money, went to live in Paris and had a good time. When they had spent the money, they came back and with the help of the colonial office began to question the Balfour declaration.

After the last war the Arabs, who had been subjects of the Ottoman empire, did not inhabit that part of the country. Even today Trans-Jordan has only 350,000 people, and it is twice the size of western Palestine. They were a bunch of squatters. The moment the Jews got hold of it, it prospered. We have a habit of bringing prosperity wherever we go and the countries which we leave keep sinking. Those who dream of our destruction are themselves destroyed. It seems that those who dream of our destruction have not learned that we have outlived the Romans, that Spain was reduced to poverty, that the Italians were reduced to the organ-grinders of the world. It is strange that people have not learned that those who plotted the destruction of the Jews were subsequently destroyed themselves. History proves that; and history repeats itself. Perhaps it is because we dream too well. Perhaps it is because we hope too well. We have paid the price, but so have those who wanted to destroy us.

When the Effendi had spent the money in Paris, they came back and suddenly discovered that the Jews had no rights, and the colonial office immediately detached Trans-Jordan. Speeches were being made all over the world and advice given to all plotters that the Balfour declaration did not mean this and did not mean that. However, the people who survived Lord Balfour stated repeatedly—and Mr. Churchill is one of them—that the Jews were in Palestine as of right and that the country belongs to them. The declaration was twice implemented in international law. Twenty-six committees appointed by the mandatory nations came back with reports that Palestine belongs to the Jews as a matter of right. One commission after another was appointed. After the Anglo-American commission two books were published. They exposed the inquiry as the most tragic joke that could have happened to a commission. Bartley Crum came out with a book called "Behind the Silken Curtain," and he states that when those delegates were briefed by the colonial office in England and the foreign office or the department of state in the United States, the thing appeared like a huge joke. It was only a matter of stalling for time. The second book by Crossman is equally devastating.

Britain was backing out of her responsibility. She brought the Palestine question to the united nations at the request of no one. No one asked Britain to do that. She felt that she could not carry on. What is a nation with honour and tradition to do when it cannot carry on a given responsibility? Lay down the mandate and say to the united nations, "We cannot carry on," or "We feel that our mandate has expired." Instead of this, she was constantly and perpetually damaging the whole system that she had installed.

The Jews never thought of establishing a Palestine without a Britain. I confess to you, Mr. Speaker, and you can read Doctor Hertzel's speech at the first congress of the zionist congress in 1897. He said "We look to and shall continually work with Britain and, under the guidance of Britain with other international humanitarians, thus to end the sufferings of our people. These are the people that will eventually give us a homeland."

It is true Britain gave us our start. We cannot deny that but for Britain we would never have had a foothold on the territory. But now that she cannot solve the question, she is acting like a policeman or a detective who cannot solve a murder crime by arresting the corpse. At Lake Success, last November, committee after committee went to the united nations or to the Jewish agency and said, "We know what Jerusalem means to you; it is important to three religions. Give up your claim and you will gain the good will of the world." We did! Palestine to the Jewish people without Jerusalem has no meaning. Every prayer book we have—and we have never renounced Palestine—always refers to Jerusalem and Zion, not Tel Aviv or any port city. We are not seeking any aggrandizement of territory. We want Jerusalem because there we go to pray—go as God wanted us to do there.

What was the result? The Jews did not want to give up Jerusalem. But the matter was put to them on this basis: "It is a centre of three great religions, the Christian, the Mohammedan and the Jewish. Let us put it under an international trusteeship." The Jews consented on religious or spiritual grounds.

It will be noticed from a study of history that the Jews never fought for territory. From Titus to Hadrian they always submitted and paid their taxes. But when Hadrian wanted to put his image in the temple, they rose in rebellion and fought until they were destroyed. The Jews know the spiritual value of religion. They respect other people's religions. After all, we are the progenitors of those religions. They were not just pulled out of thin air. We gave them to you, and there is nothing in Christianity or Mohammedanism that is not Jewish. We only wish that you would carry out their precepts.

We consented to that trusteeship of Jerusalem. What did the united nations do? Nobody went in. Not a soldier nor a policeman was sent in. The Jewish people had to fight for the preservation of Jerusalem for the three great faiths. No sooner did they meet with a little success than Britain suddenly realized that the condition had deteriorated and arms are now flowing in, such an cannon, aeroplanes and so on. The mandatory nation has exceeded its mandate. While Britain gave us a start, she has missed the boat. She could have had an outpost in Palestine, a situation which we never dreamed would be otherwise. We believed in Britain. When the Kaiser offered us Palestine, we laughed at him; but when Britain offered it, we accepted and respected that offer. The same thing happened in Jaffa. The united nations are fiddling while Palestine is burning and while the holy places are being destroyed.

While we are discussing international affairs, I must express my gratitude to the Canadian government. There can be no reproach that Canada has said that in Palestine the Jews should have their commonwealth. Churchill said it; Morrison said it; Attlee said it; Bevin said it during the election campaign of 1945, and it was repeated at every national congress of the Labour party. It was freely given. We accepted their word. In 1939 when the white paper was issued—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. gentleman, but his time is exhausted.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: If the hon. member has the unanimous consent of the house, he may carry on.

Some hon. MEMBERS: Agreed.

Mr. HARTT: In 1939 Mr. Chamberlain issued the white paper, the most ill-timed declaration that could have been made. The Jews were trapped in Germany and they knew they would be destroyed. Mr. Chamberlain knew just as well that they did not have a place to which to run, and the white paper was issued. It said that the Jews could not go to Palestine, the only country in the world which was supposed to have been given to them. They were told they could not go there and they could not buy land.

When war broke out, what happened? Thirty thousand Jews in Palestine enlisted. They fought at El Alamein. General Montgomery will vouch for that statement. They fought in Italy; they fought in the desert; they fought underground and everywhere for the British empire. They had hoped, and the hope was not unfounded, that when the war once finished they should be able to get what was coming to them. We were badly disappointed; we are terribly bewildered. We did not know whom to blame and do not know where we are going. We say to you people now, for two thousand years we have been the butt of ridicule and persecution all over the world. Every moron, every pipsqueak, every sadist who wanted to get a sort of paroxysm by sublimation used the Jew as the butt of his efforts.

We Jews of the western hemisphere are satisfied with Christian neighbours. We may

eventually become completely absorbed in the country and may cease to be Jews. We do not know the future. But those who are persecuted in the lands where their ancestors were and their families were destroyed, where the streets are still blood bespattered with that of Jewish mothers and children, are in a different position. For God's sake, for humanity's sake, let them go where they can have some peace.

Mr. ALISTAIR STEWART (Winnipeg North): Mr. Speaker, in opening this debate the Secretary of State for External Affairs (Mr. St. Laurent) said that collective security was the primary objective of our foreign policy. I am sure that he has general support for that aim. He also said it was the intention of the government, in so far as it could, to make the united nations an effective organization. There again I am certain that he received a large measure of approval from the Canadian people. It is interesting to note that in these declarations we see today an obvious and welcome change in policy from that which existed during the thirties.

It has been said that the aim of foreign policy is to achieve that which is desirable in the light of that which is possible. Conceivably that might be a dangerous doctrine; for national governments in the field of external affairs so frequently underestimate that which is possible. I think we saw that in 1935 when it would have been easily possible to stop Mussolini and his fascist hordes in their attack on Abyssinia; and had we succeeded in doing that, there is the distinct chance that perhaps even the war itself might have been averted. At least we did not realize then what was possible and I hope that we do not perpetuate the mistake.

Our objectives should be to help build the united nations into an effective international instrument for the maintenance of law and order and what I call fundamental human decency. Not only would such a policy redound to the credit of Canada as a nation, but since it offers the surest way to the establishment of world peace on the basis of justice and regard for human rights, it follows that it must be the wisest course for us to pursue.

In the course of his remarks the minister said that one of his tasks, one of the government's tasks, indeed, was to reconcile our duty to our people with our responsibility to the world. In following out such a policy, which also is the policy of the government, it is obvious that such reconciliation has been achieved. The house will notice that I have not said that peace is the main or is the principal objective. We had peace in the twenties and the thirties. We talked about peace. It became an opiate; and in talking about peace I was not the least guilty. We had peace, but it was an unjust, uneasy and suspicious peace. We had peace, but China was attacked and Abyssinia was submerged; we had peace when Austria was violated and Czechoslovakia was engulfed. We had peace when a world was crying with injustice and rampant with lawlessness. We had peace when Europe was brimming with persecution and pregnant with fear; but every one of us knew in our own minds that that sort of peace was but the prelude to war. We must remember that in our talk of peace in the future or eventually it will become once again something entirely negative and finish up as it did in 1939. That is why I say it is more important to concentrate on the maintenance of law and order and, by maintaining that, and if necessary by the use of force, it follows as day follows night that peace must emerge.

Of course we shall have to surrender a substantial measure of our national sovereignty to an international organization, and I wish to see that done as rapidly as possible, because I am convinced that rival nationalisms have done much to stir up wars which we have seen in the world in the past. There are those, of course, who would oppose that view. There are those who regard internationalism as an act of the devil for all practical purposes. We have the hon. member for Wetaskiwin (Mr. Jaques) and the hon. member for Temiscouata (Mr. Pouliot), and it is possible that they might agree with this quotation which I am going to read:

> One of the directions of the ideological campaign which accompanies the plans for enslaving Europe is an attack on the principle of national sovereignty, an appeal for the renunciation of sovereign rights set off by the idea of a "world government" . . . Taken up by the bourgeois intelligentsia, dreamers and pacifists, the idea of "world government" is being used not only as a means of ideologically disarming the peoples still defending their independence from the encroachments of American imperialism, but also as a slogan specially aimed at the Soviet union, which consistently defends the principle of true equality and the maintenance of the sovereign rights of all nations, great or small . . .

The author of that statement was M. Zhdanov who is one of the ten principal men in the Kremlin. There we have this extraordinary position, the representatives from Wetaskiwin and Temiscouata and the Kremlin all agreed upon a common policy. When I say that, Mr. Speaker, I am convinced that if I oppose it there is some certainty of my being correct.

It has been said by too many speakers in this house without elaboration that the united nations is weak and that it cannot be depended upon. What do they expect from an organization which is still in its swaddling clothes, but two or three years old? It has not yet had a chance to prove itself. It is not the united nations which is weak; it is not the idea which is weak because, as I said before about the league of nations and say again of the united nations, mankind had the wit to conceive a great idea, but it is doubtful if we have the will to implement it. If the united nations fails it is not entirely because of some inherent fault in that organization, but the fault shall lie within ourselves. The united nations, as the league of nations was, is an example of the whole being much greater than its parts.

The old league of nations was betrayed by those who professed for it the highest esteem, and I hope that act of betrayal does not take place again in our time because, always, we shall be faced with an alternative. Here is the united nations; what is our alternative? It is obvious what it will be; chaos, misery and war. Either we make the united nations an effective instrument of policy, as we say we will, and assume all the responsibilities which that implies, or we prepare for the inevitability of war; and what will come out of that war even I would not dare to forecast.

However I am in considerable agreement with those who believe that today major war is remote, though I would say this, that if there is such a war, then, whether we like it or not, no matter how much we squirm and twist and strive and struggle, we shall be in that war. We shall not be able to escape it.

Therefore I think it would pay us as a nation, in the council of the nations of the world, to take a position in the van, a position of leadership for those things which we consider right and proper. We shall have to take a certain amount of responsibility, but at least we shall be doing something to avert what would be a catastrophe to all our people.

If a major war happens, whether we are in the van of the nations or so far behind that we cannot be seen, we shall find ourselves in it. But I can see no reason why Canada cannot give moral leadership in the united nations today, and we would find there many friends, the closest of which would be perhaps New Zealand and Australia. This much is certain, however. Our international relations have to be built on the basis of morality and of that confidence of which I have spoken.

The day this debate opened I was discussing some of the speeches with the hon. member for Cariboo (Mr. Irvine), and during the course of the discussion I said that a nation must be prepared to live up to its pledged word and honour its commitments. In a world of power politics that belief is perhaps somewhat naive, and yet that same night when I got home I read Churchill's "Memoirs" and I found I had distinguished endorsation. Dealing with international morality, he said:

> There is however, one hopeful guide, namely, for a nation to keep its word and to act in accordance with its treaty obligations to its allies.

That is the principle upon which my ideas are based, for I believe that what is morally wrong can never under any circumstances be politically right.

I have said that in my opinion the chances of war are remote, and I have reasons for such a belief. Let me also say this. I believe that the people of Russia do not want war; but after three years of thinking, watching and studying, I have come to the conclusion that the leaders of that people believe that war with the western world is inevitable. Perhaps the limit they might put on the inevitability would be ten years, but at least we have ten years in which to avert the cataclysm.

The present policy of the Kremlin is obviously not only animated by the dynamic of what they call communism but is a projection of czarist imperialism, and today Russia is an expansionist nation, partly from internal compulsion and partly because of this czarist legacy.

Most of the resources in Russia today are concentrated on the production of capital goods, and therefore it is obvious that the production of consumer goods is suffering and that the standard of living is poor. Indeed, from what I can find out it is so poor that it is surprising to find no communist party actively at work in Moscow. In an attempt to ease the strain on the people and to divert their attention from their present miseries, their leaders may be tempted to indulge in further forays abroad in the hope of securing additional resources whereby they can improve the standards of living of their people.

I believe that the aim of the Soviet union is not only the recovery of all that was lost in 1917 but also the achievement of all that she would have gained had she been victorious in 1918. We can see now how far that has gone and what countries have been swallowed during the war and after: Estonia, Latvia, Lithuania, Poland, Czechoslovakia, Roumania, Bulgaria, Hungary, Yugoslavia, Albania, and part of western Germany. These are already within the orbit of the Soviets. The U.S.S.R. has secured the hegemony over the Balkans which they desired so long. But in the secret treaties of 1915 they were also promised part of

northern Persia, the straits and Constantinople. These ambitions have not yet been achieved, and in an effort to discourage any further aspirations on the part of the Kremlin I can see no alternative at this moment to a policy of containment, negative it is true, but at least it gives us a chance to find out whether there is some *modus vivendi* which we can arrive at in order to maintain, with honour, the peace of the world.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. STEWART (Winnipeg North): Before recess, Mr. Speaker, I said I thought we had ten years' grace in which to try to create a world organization which would effectively maintain law and order. I said that for this reason. To a large extent today wars are won in factories and industrial plants; and while I believe the Russian industrial potential is even greater than many of us think, nevertheless at this time it is quite inadequate for any major excursion. As far as I can find out, in 1939 the Russian percentage of industrial production, as compared with the industrial production of the world, was something like twelve per cent, and at that time the industrial production of the United States was forty per cent of world production. Today in Russia, despite the ravishment of war, they have increased their industrial production to some fifteen per cent of the world production. While they have succeeded in doing this, however, the United States percentage has increased to 60 per cent.

If we take into consideration the productive powers of the satellite countries which have fallen into the maw of the bear, we arrive at a figure of some twenty-five per cent of the total world production which is under Russian control. When one compares that with the sixty per cent of the United States, one can see quite readily that the Soviet union is in no position just now to wage a major war. Furthermore, it has been estimated that at the end of the current five-year plan steel production in Russia will only equal the steel production of Europe before the start of the war, or, in other words, something like sixty million tons of steel, which is, of course, only two-thirds of the current United States production. The Ukraine as an industrial area has been largely destroyed, and apparently the Soviet rulers see no reason to rebuild in that area another industrial community. Instead, to a large extent they are moving their resources east of the Urals, and today in that area more than fifty per cent of the Russian production of steel, iron and coal is carried on. In addition, more than half the capital investment which is envisaged under the five-year plan will also be made in that part of Russia.

As I said, arms production is decisive in war, and the Russians have not yet attained the position where they have anything approaching equality, let alone supremacy. There are some who believe that we could stumble into war accidentally. I cannot accept that belief. Today nations plan for war on the most careful basis, and the possibility of our stumbling into it is, I think, far-fetched and quite remote.

We have also to remember that the Russians have allies; that over and above the eighteen million men they have in their armed forces they have allies in other nations, in the shape of communist parties which are active in those other countries. I do not agree with those who say that our greatest enemy in this country, for instance, is the communist party. I cannot accept that. Our greatest enemies in Canada are the slums and poverty and the malnutrition on which communism thrives. Eradicate these things and automatically we eradicate the fifth column of communism. If we wish to put that dynamic quality into our democracy for which the Secretary of State for External Affairs asked, then we have to give the people some faith for the future and some infinitely better conditions for the present.

Another ally on which the Russians count to some extent is the hope of a depression in capitalist countries. I believe the western nations under capitalism are as well aware of that as the Russians, and a great deal will depend upon the fiscal policies which are undertaken, as to whether or not we play into the hands of the Russians in this matter. However we need have no illusions at all as to the basic intentions of Russian policy; and, as I said previously we must be prepared to withstand it. For that reason I welcome the apparent initiative shown by this government in trying to form some sort of Atlantic union.

I also said earlier that we should contain Russia. In itself that is an entirely negative policy. We shall not defeat the spread of communism merely by creating larger armies. We shall only defeat it, I am convinced, in the way suggested by my leader, when he said:

> The best defence of democracy lies in the establishment of social and economic justice, and in respect for those fundamental human freedoms which are the basis of our own democratic way of life.

Then what of the other great nation in the world, the United States? One has only to read the debates in the house of representatives and the senate, and to examine the budgets of the United States, to see that, while that country is not disarmed, certainly she is in no military position to wage war. It has been said, of course, that she has the atomic bomb, and that is a constant threat. But I suggest that if there were any signs at all of the United States using the atomic bomb, immediately Europe would be inundated with Russian troops which would be dispersed over the whole continent; and the atomic bomb would not be of much use against them unless we were prepared to leave Europe in such devastation that its only future would be barbarism. I do not think the United States is at all anxious or eager for war; and I am convinced that, for the time being at least, it has no intention of using the atomic bomb as a weapon.

However we have to consider certain paradoxes in the policies of the western nations which I believe are playing squarely into the hands of the Soviet union. In Greece we are supporting an obviously reactionary government which has no program of social change for its own people. It is a government that has sent into hiding in the mountains among the guerrillas not only communists but democratic socialists like myself, and Liberals like some hon. gentlemen opposite. In recent months in that country there has been little opportunity for freedom of speech or for objection to what the government is doing. So, by bolstering up this outmoded reaction, when the American and British troops leave that country the inevitable swing will be to the extreme left, and we shall have succeeded in doing that which we feared most.

In Germany today we see a people utterly disillusioned over our concept of democracy, when they see us putting back into positions of power and eminence those same industrialists who in such large measure helped to build the nazi regime. In Italy the same thing is true to a certain extent.

In China we see a corrupt, venal government being bolstered by western finances and western aid. Many of the peasants of China have no conception of democracy as we know it; and they are prepared to exchange the totalitarianism under which they live, with the landlord system, for the totalitarianism of the Soviets as long as the latter means that they will get some land which may be a guarantee to them of life. We must realize that we have not yet learned how to combat communism when we support reaction.

One other matter about which I wish to speak is the situation which exists in Palestine. I intend to deal with it in a more detailed way than did the hon. member for Rosetown-Biggar (Mr. Coldwell) when he spoke in this debate. I have no desire to delve into history or to examine in any detail the history of the last thirty years. Suffice it to say that I am intellectually satisfied with the rights of the Jewish people to a national home in the area of the Mediterranean. And I think there are many who share my belief, especially when one considers the united nations committee's report, and the action of the assembly itself.

I am morally satisfied that the Jewish people have a right to a national home in that part of the Mediterranean. It was promised to them, in far greater extent than that which they are now getting, by the allied and associated powers at the end of the last war. It was promised to them by the Arabs, even, at the end of the last war. And the promise was made by the British Labour party, iterated and reiterated, that they would do everything possible to see that a national home was built up in Palestine.

As I said earlier, to me a promise is something which is not lightly given but, once given, it should be kept. Over and above that there is the tragic fact that more than six million Jewish people died under nazism since the early thirties. Today the remnants of them in Europe have apparently no hope of salvation from any Christian nation. Therefore their eyes are turned, and quite understandably, toward Palestine as a refuge and as a home.

During the last twenty-five or thirty years the position of the United Kingdom has been anomalous. It has been responsible to the people in that area as the mandatory power. But it has also had a responsibility to its own people, as a great imperial power. And when there was a clash and conflict of interest we need not be surprised if those who were under the mandate were not the ones to benefit.

Furthermore, we had the situation in Palestine itself. In dealing with the inhabitants, so often it happened that what pleased the Jewish people was not acceptable to the Arabs. And of course that which placated the Arabs did not please the Jews. The position was bedevilled and much worsened by the insensate Arab and Jewish terrorism which has taken place through these years.

But I wish to deal with the situation more particularly from November 29 last, when the general assembly made its decision. In helping to formulate that decision Canada played

a courageous and an honourable part, much different from some of the roles which we have played in the past in international affairs. But in the middle of December Mr. Creech-Jones, the colonial secretary, expressed the hope in the British House of Commons that the greatest respect would be shown the decision of the international authority. And on the next day, December 12, Mr. Bevin echoed these words when he said that if he could render any assistance to the decision of the united nations assembly, he would do so.

The assembly asked that a free port be established by February in Palestine. That was not done. They asked that Jewish immigration be increased. That was not done. And yet through these months Arab immigration and armed Arab immigration increased.

The united nations expected, and rightly so, co-operation in helping its committee to be established in Palestine. That also was not done. It is true that the United Kingdom government said it would not participate in any decision which did not have the approval of both sides, and from a positive point of view it did not participate in any decision. I venture to suggest, however, that it may have participated in a more indirect sense. There were treaty obligations with Iraq and Egypt which demanded that the British government supply both these countries with arms. I am convinced that these arms will ultimately find their way into the hands of those who are today battling the Jewish people. There is also this fact that the frontier force of Trans-Jordan is commanded, officered and in fact subsidized by the British government. And King Abdullah has already told us that he intends to use that force, in his words, to destroy the Jews.

The Jewish people, whose lives are in danger in Palestine, are there because of British co-operation and, as has been mentioned in the house today, there is gratitude for that co-operation. Nevertheless, surely good faith demands that they be allowed to protect themselves. Such is not happening. Arab states have openly prepared for war, in defiance of the assembly's decision. And so the least that can be done is to permit the Jews to purchase the military equipment which is so necessary for their own safety.

It could have been possible, and still is possible, to build up in the eastern part of the Mediterranean a great bastion for democracy, which we would appreciate highly these days. But apparently that was prevented, largely because of the foreign office belief in the importance of the Arabs as allies. It is a belief which history shows—and has shown recently—is not well founded.

For instance, in January of this year a treaty was arrived at between the British government and the government of Iraq, which was repudiated immediately in Bagdad. We heard the promise of Mr. Bevin that the Emir Feisal would be arriving in London next month, February, to negotiate another agreement. But the Emir omitted to come. The British helped to confer sovereignty on the Iraqi. They used it for one purpose only during the war, and that was to rebel against our cause on one of those days when the going was darkest.

Egypt was given sovereignty, and yet she used it to maintain sullen neutrality—again when things were at their blackest—a neutrality which I am convinced would have changed rapidly to open support, had the forces of Rommel reached Cairo or Alexandria.

There was also the white paper presented by the British government in 1939 in an attempt to placate the Arabs; and all that was had from them in return was lukewarm participation in the war on our side, while their leaders, men like the Mufti and others were actively conniving and scheming with the nazis in Berlin.

I say the British will find that the cost of Arab friendship has been expensive, for all their other attachments have been sacrificed. French interests and Jewish hopes have been laid on the altar of Arab intransigence, and the gift has been spurned. I do not profess to understand this pandering to feudal monarchs and the most reactionary and, indeed, treacherous interests in the middle east. I share completely my leader's condemnation of such a policy.

What of the United States? On March 19 last it reversed its position respecting partition; and the United States had been one of the proponents of partition. It has been said by Senator Brewster that the oil interests had quite a lot to do with this reversal. We do know that certain oil companies, with capitalization of slightly over a million dollars, have, since the war ended, earned in profits from the middle east almost $117 million. I do not know whether they had any influence or not upon the United States decision; but if they had, then not all the oil in Araby will cleanse the stain from the hands of the state department.

However I think there was some other motive behind the United States reversal, and that motive was fear of Russia—apparently a paralysing fear, one which has an hypnotic effect. The story goes that Russia, through Mr. Gromyko, was going to suggest before the security council that the United States and the Soviet union undertake jointly the responsibility of partitioning Palestine. The United States, along with other nations, were deter-

mined not to permit Russian troops to get on the Mediterranean, and therefore we have this hasty and ill-conceived suggestion of a trusteeship.

I think partition would have been possible, and with Russian troops participating. Had the united nations asked for troops, Russian as well as British and American, it is unbelievable that they would have allowed those national units to settle in any one part of Palestine and thus give the Russians an opportunity of setting up another Soviet zone of influence. Rather the troops would have been dispersed all across Palestine, and if the Russians had not accepted that suggestion, if they had refused to co-operate, then they could have had no objection if they were left out of the scheme.

The minister said the other day that he ruled out the immediate implementation of partition as not being practical. I would remind my right hon. friend that partition is already accomplished. What is the alternative? As I said before, we have to treat these matters in the light of alternatives. Is it trusteeship? There has been a trusteeship in Palestine for thirty years and it has been a tragic failure. Is there any hope or guarantee that a future trusteeship will be any better? I say that trusteeship is not the alternative. But there is another alternative to partition. I am convinced that that alternative is the complete and utter extermination of the Jewish people in Palestine. They will sacrifice everything. Perhaps there are those who believe my words are far-fetched, but I do not think so.

A few weeks ago I met in New York a young man nineteen or twenty years of age. He had seen his mother bayoneted; he had seen his father compelled to dig a grave, then shot in the back of his head and thrown into it. He had seen his brother taken from his side to the gas chamber. He himself had escaped that fate because he was of strong physique and could be used for other purposes. During those months and years he was humiliated and beaten and tortured until he is now a man whom one would think nothing could touch or nothing could reach. But he is the embodiment of hope. He is determination clothed in flesh and blood. He is determined that his people will never again have to suffer such barbarism at Christian hands. He sees no alternative to setting up a state for his people in Palestine. I ask the minister to believe that his fellows in Palestine are equally determined, and we should ponder carefully the consequences of our actions in this matter.

My last word and perhaps an unduly sombre conclusion. Palestine is a great issue before the united nations just now; yet in the days to come there will be equally great problems raised to vex and perplex the nations of the world. There is only one basis that I can see for their solution and that is to do, under our heritage, what we consider to be right and just. It is upon that basis that the united nations will stand or fall, will fail or succeed. If it fails, the consequences to our people will be disastrous, for once again we shall enter into that long night of fear and oppression which can end only in war.

Mr. ANTHONY HLYNKA (Vegreville): Mr. Speaker, there are four main requisites of sound foreign policy for democratic nations: one, the guarding and preservation of the sovereignty of one's own country; two, the defence of the sovereignty of other nations and peoples who in the event of war would defend our sovereignty by defending their own; three, a proper and realistic defence policy; four, understanding among a group of nations or alliance of a number of powers strong enough to resist any coalition of hostile powers. Between world war I and world war II, Canada and the other democratic countries of the western world were guilty of inexcusable floundering with respect to each and every one of the four requisites of a sound democratic foreign policy.

Last Thursday afternoon, April 29, the Secretary of State for External Affairs (Mr. St. Laurent) made what I considered to be a speech of historic significance. In the first place, the minister's speech was perhaps the first creditable pronouncement of the government's foreign policy ever made in this chamber. Second, the minister's pronouncement is even more significant when we realize that it represents a complete reversal of the previous foreign policy of the government. Third, the government has fallen into line with the United States and the United Kingdom in abandoning the suicidal policy which brought western Europe to the brink of disaster.

If one had not followed closely the government's foreign policy in the past he would naturally be tempted to congratulate the government upon its present pronouncement. What surprises me is the fact that the Canadian people tolerated the government's previous policy so long without expressing alarm over the situation into which the government has led Canada. In view of this fact, I might say that if it is considered proper to congratulate the captain of a ship upon having steered the ship into troubled waters and then eventually finding a proper course, then I

presume the government should be congratulated upon its present foreign policy. But if we take the view that originally the government should have taken the course which it has now taken, then I am not so sure whether much time should be spent on congratulations.

It seems to me that the same criticism might be made by the people of the United Kingdom and those of the United States with respect to their governments. I for one do not understand how free and intelligent people could have allowed themselves to be pushed around by the communists for so long. I hope I may be allowed to proceed without spending more time on congratulating the government upon having changed its foreign policy, something it should have done long ago.

In my opinion the government has changed its foreign policy in at least eight respects. The speech made by the minister of external affairs on April 29 is deserving of careful examination and analysis. I should like to refer to the eight particulars in which I think the government has changed its policy. First, we have the fact that the minister announced that the government's foreign policy is a change from the government's past practices. In the past the government's policy was to sit on the fence. We often regarded Canada's haphazard activities in the international field as an expression of Canada's foreign policy. As a matter of fact, until a year ago Canada did not have a separate minister for the department. The department was a sort of sideline for Canada's prime ministers.

The second point on which the government changed its position is this. Nowhere in the minister's long speech did he repeat the former view of some of his colleagues, advocating the relinquishment of a part of Canada's sovereignty in exchange for what they called "the extension of Canada's sovereignty into a wider field," namely, to the "disunited nations organization" which has adopted the name of the united nations. Contrary to the government's former policy, on this occasion the minister emphasized Canada's sovereignty, and he added that during the next year and a half Canada at times will have to declare its position publicly on certain matters. In a word, Canada as a nation is adopting a more definite external policy, keeping an eye on her own interests as well as on the interests of other nations which choose to co-operate with us on a reciprocal basis. I need hardly say that I agree with the minister on his present stand.

While I am discussing this point, I wish to say also that, on reading some of the speeches delivered by Canadian public men, I find one delivered at the University of Rochester on June 16, 1947, by Mr. L. B. Pearson, Canada's under-secretary of state for external affairs. I was pleased to find that our under-secretary of state is as realistic as he showed himself to be in that speech, which really covered the subject uppermost in the minds of the people of Canada at the present time. Our representative of the external affairs department did credit to Canada when he spoke on that occasion.

The third point on which the government changed its position is this. As I interpret it, in the government's present external policy it has abandoned its former view on the "federal union proposals," the "ideas of internationalism" and the "dream of one world," a view advocated for a number of years by several of the minister's colleagues in the cabinet. On April 29 the minister no longer spoke of one world. On the contrary, he made it plain that at the present time there were two worlds. The minister did not place too much hope in global remedies for world ills, as his colleagues have done so enthusiastically since June 22, 1941. In a word, there is a lull in the "one-world" or "federal union" propaganda.

I thought it was significant that the government no longer holds that the united nations organization is the only effective method of bringing about at least some semblance of order in the world, in the matter of maintaining peace. The government seems to be more realistic now. Perhaps the government has by now had time to take a close look at the workings of international organizations such as UNRRA, IRO, and of course the united nations organization. The democratic nations were all outwitted in most of the important moves. There is no doubt about that. The communists who, we thought, were inexperienced in foreign affairs, made profitable use of these international organizations; and when decisions were made against the interests of the Soviets, they vetoed such decisions.

The fourth point on which the government has changed its stand, according to the speech which the minister delivered to this house last Thursday, is with respect to its attitude toward communism. Speaking for the government, the minister now states that communism and democracy are irreconcilable. I agree with him. Not only that, but the minister went so far as to say that even toleration is becoming quite difficult. The only thing that I should like to say on this point is that

it is regrettable that it took the government so long to realize that fact; for as we know, the government leaned backwards and actually appeased the communists now and then when it thought it was to its advantage. It is difficult to understand what the government thought it could gain by its former policy of merely whispering when it should have spoken out loudly. Perhaps the government thought it was fooling the communists. But let me say, Mr. Speaker, that no one is fooling anybody.

An hon. MEMBER: Except themselves.

Mr. HLYNKA: If we think we are fooling someone, we are really fooling ourselves. Then again I wish to mention that the government left the impression that it believed that the comintern was dissolved a few years ago. When it was resurrected a number of prominent Canadians expressed surprise that it was revived. The only surprising feature in this connection is the fact that there could have been intelligent Canadians who believed that the comintern was ever dissolved or that that move was ever meant to be a sincere one.

There are also those who are surprised at what took place in Czechoslovakia. As a matter of fact, one minister asked me what I thought of the sudden change there. I told him that I was not surprised. He said, "Oh, no?" I said, "No." The reason I was not surprised was simply that I did not expect anything else. Surely no one of us could have thought that anything other would happen in Czechoslovakia than what actually happened. Surely all of us should have seen through that. But we were deluding ourselves by thinking that the communists were carrying on their manoeuvres for the good of their health. Let me say that every move which they make is calculated. They spend time and more time in calculating their moves, and they have mobilized the best brains they can find to do the thinking for them. We need not fool ourselves that it is always on our side that the clever thinking is done. Therefore I say we should not be surprised by these moves which are made from time to time by the communists.

The fifth point on which the government changed its stand is that the government now believes in revitalization of democracy in Canada. The minister expressed himself quite clearly on the advisability of a revitalization of democracy rather than of adhering to its former policy of drifting down the socialist road and saying that Canada had to follow the line of the trend of events. That was, of course, a puny argument, but the fact remains that the government was undecided, did not make up its mind what its policy should be, and the easiest thing for it was to drift along. I am glad that the minister made this announcement and saw the possibilities. I should say the only thing that we can do is to revitalize true democratic principles and put them into practice, and surely no philosophy of life in this age can compete with the results which a true democracy can bring to its people.

The sixth point on which the government changed its position is that the government has ended its isolationist policy or the policy of indifference with respect to the attitude of the government particularly toward Europe. For the first time in the life of this nation, the government, through its minister, expressed the view that other nations' problems were Canadian problems directly or indirectly. Therefore, in the field of international affairs Canada has now abandoned its policy of no concern with the problems of other nations on the ground that they were European and that we lived on the North American continent. To be fair, I will say this, in time of war Canada never held the isolation stand, but in time of peace it advocated isolationism as a fine thing. In my opinion the present stand of the government means the abandonment of its isolationism or its indifference so far as European and world affairs are concerned.

The seventh point on which the government has changed its view is that it apparently now believes in a return to the balance of power arrangement. In the matter of future security the Canadian government has come back to the concept of alliance, or the balance of power, as it is called. The minister did not, of course, use these words. He merely referred to this arrangement as "mutual friendship", "solidarity", "mutual interdependence" and "free co-operation" of the western nations in defence of the democratic way of life. However, to me it is still an alliance or the balance of power arrangement. It has many faults, of course, but it was found that it was not so out-moded as the government's spokesman said it was in the past.

The minister placed considerable emphasis on the advisability of co-operation with the nations of the British commonwealth, with the United States and with other western European nations, and I might add that I completely agree with him in that regard.

The eighth point, and my last one, on which the government has changed its external policy is in the matter of internal and external security; in other words, Canada's defence. It

appeared to me that all the speakers who have taken part in this debate thus far missed the most important point in the minister's speech, and the most important point in the entire debate on this subject, namely, that between world war I and world war II the government's view on defence was indifferent, or pacifist, to use a somewhat stronger term. The government regarded European affairs as purely European affairs. The government actually held the view that the only way to preserve peace was by disarmament. The minister made it unmistakably clear that today the government believes that the way to assure peace is to be adequately armed and prepared. The minister also made it unmistakably clear where the government stood in the event of another world war. In reference to this subject the minister laid emphasis on the internal and external security which should have been the policy of Canada at all times. I consider this point so important that I wish to place on record the commitments both of the Prime Minister (Mr. Mackenzie King) and the Secretary of State for External Affairs. On March 17 the Prime Minister, in commenting on the five-power treaty signed at Brussels, had this to say, as reported in *Hansard* at page 2303:

> The peoples of all free countries may be assured that Canada will play her full part in every movement to give substance to the conception of an effective system of collective security by the development of regional pacts under the charter of the united nations.

In the speech which the Prime Minister delivered at Williamsburg on April 2, he said:

> A way must be found, and that right speedily, to ensure that the nations that are still free will not be suborned, defeated or destroyed one by one.

The Secretary of State for External Affairs, in his reference to this subject, said, as recorded at page 3449 of *Hansard:*

> Without sacrificing the universality of the united nations, it is possible for the free nations of the world to form their own closer association for collective self-defence under article 51 of the charter of the united nations. Such an association could be created within the united nations by those free states which are willing to accept more specific and onerous obligations than those contained in the charter in return for greater national security than the united nations can now give its members.
>
> It may be that the free states, or some of them, will soon find it necessary to consult together on how best to establish such a collective security league. It might grow out of the plans for "western union" now maturing in Europe.

Further down he repeats a similar thought, makes the matter still clearer, and goes on to say:

> . . . to confront the forces of communist expansionism with an overwhelming preponderance of moral, economic and military force and with sufficient degree of unity to ensure that this preponderance of force is so used that the free nations cannot be defeated one by one.

I should like to put one or two quotations on the record, because in my opinion this was one of the most important pronouncements ever made in this chamber.

Mr. PEARKES: In view of the fact that the auxiliary air force under the government's scheme is a little over 650 men, does the hon. member regard that as anything but lip service to these principles?

Mr. HLYNKA: I am not in a position to express a view one way or the other on that point. The hon. member may be right or he may be wrong; I do not know. This, however, is in my opinion so important that I wish to put it on the record. The minister then said:

> I am sure that it is the desire of the people of Canada that Canada should play its full part in creating and maintaining this overwhelming preponderance of moral, economic and military force and the necessary unity for its effective use.

There are two or three other excerpts that I would read if time permitted, but since there is some more material that I should like to put on the record, I must proceed. If Canadians are now awake and are idealistic they will insist that Canada's foreign policy be strengthened and that it be kept on a sound and strong basis. The minister's speech of April 29 would indicate, I think, that the government is beginning to realize that it has followed the wrong course for some time past. Not only the Secretary of State for External Affairs but the Minister of National Defence (Mr. Claxton) and the Minister of Justice (Mr. Ilsley) have lately made some very sound and sensible pronouncements with respect to communism and Canada's defences.

Above all, the Canadian government and the Canadian people must realize that, in order to make sure that we shall not lose our freedom, the total effort in defence of our way of life must be greater than the total efforts exerted by totalitarian forces in their attempt to destroy our freedom. Moreover, we should have more reason for enthusiasm in defending our freedoms than have the totalitarians, whose sole purpose is to take our freedom away from us. However, owing to our indifference and, frankly, lack of common sense, that has not been the case in the past few years.

Let me give a few figures on the strength of the communist party as it was a year ago in a number of countries. My purpose is to indicate how negligible the communist mem-

bers are in the fifteen countries, and yet they either control or dominate these countries and are aiming at taking over the governments in all of them. The following figures are taken from a table which appeared in the *World Report* for April, 1947, giving the figures which were released in London, England, by the communist party:

Country	Communist Party Membership	Percentage of Total Population
Russia	6,000,000	3
Bulgaria	450,000	7
Hungary	650,000	7
Czechoslovakia	1,000 000	7
Roumania	500,000	3
Poland	600,000	3
Yugoslavia	100,000	1
Italy	2,200,000	5
Greece	400,000	5
France	1,300,000	3
China	2,000,000	·5
Colombia	10,000	·1
Great Britain	43,000	·1
U.S.A.	74,000	·05
Canada	23,000	·2

Yet these negligible percentages are so strong, this number of people so organized that not only have they taken over the first seven countries to which I referred, but they are taking over some of the others and would like to take over the rest.

I have given a list of fifteen countries, taken at random, and it shows that not only governments but every citizen must wake up to the reality. If we allow 23,000 communists in Canada to take over 12,000,000 people it is about time we did wake up and realize that we are not playing our full part. If we believe in democracy we should then try to convert our neighbours to the proper way of thinking also.

Mr. GAUTHIER (Portneuf): What about the sympathizer?

Mr. HLYNKA: I am sorry I have only a few minutes left. I do not know whether Mr. Speaker will allow me to complete my remarks, and I do not want to be thrown off the present line of thought.

I wish to put on the record certain information which I believe is extremely valuable. This is "How communists take over." This set-up appeared in the *United States News-World Report* of March 12, 1948. There are ten steps:

One. Build up "fifth column," winning members for party in labour unions, colleges, left-wing groups, government departments, the publishing field.

Two. Launch propaganda campaign favouring poor people, factory workers, minorities, Russia and opposing "big business," "reactionaries," "warmongers."

Three. Get party members elected to key offices in labour unions and left-wing groups, when necessary, let opposing faction split off, label it right wing.

Four. Elect communists to parliament on platform of wide popular appeal, stressing higher wages, lower prices, social security, civil rights—how true that is—world peace.

Five. Form "popular front" in parliament through alliance with socialists, social democrats or other left wing parties willing to go along.

Six. Obtain key places in government, seeking to control first the police then public information, later army, foreign policy and finance.

Seven. Uncover "plots against the people" as a means to discredit opposing parties; use communist-controlled police to seize or threaten opposition leaders.

Eight. Carry out orders of high Soviet official sent in at psychological moment to direct strategy and drive home idea communists are backed by Russian power.

Nine. Push for full control of government, using threats of general strike, civil war or "protection" by nearby Russian troops to paralyze our position.

Ten. Complete grip on government by purging anti-communist parties and office holders, taking over press and radio, and nationalizing industries.

I see that my time is nearly exhausted. I did want to make one or two other references, but I am afraid I shall not have time.

Some hon. MEMBERS: Go ahead.

Mr. HLYNKA: Before I put on record two or three short quotations, to show that there is no doubt in the world as to the aims of the communists, I should like to pay tribute on the floor of this chamber to one of the greatest champions in the fight against communism in this country, which has been working hard, has never given up, and has shown courage in that work. I refer to that valiant fighter the Toronto *Evening Telegram*. I would couple with it the Windsor *Star*, a newspaper which joined the *Telegram* later in the fight, but which has given perhaps as good coverage of news which would enlighten the people as to what is going on. I know there are other newspapers doing the same work, some in the United States and some in the United Kingdom, but the list is too long to mention this evening. I did want to pay tribute to these two newspapers, however, which have shown such leadership, the thing this country needs. If we had more newspapers taking that attitude I am sure communism would not be as strong as it is today.

In conclusion, Mr. Speaker, may I mention James Burnham who has written several books. Apparently he is a clever young man with a great future. Quite recently he wrote a book

called "The Struggle for the World", and in one of the chapters, as printed in advance in the April 1947 *American Mercury* he says:

> The ultimate goal of communist, and therefore of Soviet, policy is the conquest of the world. This is not a surprising or a fresh discovery. It is a secret only to the ignorant or the deceived.

Then Mr. Burnham quotes from the writings of Mr. Stalin and in particular the volume "Problems of Leninism", from which he quotes these words of Lenin:

> We are living, not merely in one state, but in a system of states; and it is inconceivable that the Soviet republic should continue to exist interminably side by side with imperialist states. Ultimately, one or another must conquer. Pending this development, a number of terrible clashes between the Soviet republic and the bourgeois states must inevitably occur. (Vol. I, p. 56, quoting from Lenin, *Works*, Russian edition, vol. XVI, p. 102.)

Then I should like to quote a few words from the election speech of Stalin on February 10, 1946—and incidentally, "he was re-elected":

> It would be incorrect to think that the war arose accidentally or as a result of the fault of some statesman. Although these faults did exist, the war arose in reality as the inevitable result of the development of the world economic and political forces on the basis of monopoly capitalism.

I see you are just about to rise, Mr. Speaker, so I thank the house for the kind attention I have been given.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, as a member elected to this house to support the principles of the Regina manifesto and the national policies of the C.C.F., I should like to take this opportunity before proceeding with my remarks, to endorse the statement of the hon. member for Rosetown-Biggar (Mr. Coldwell) on Friday, March 5, appearing at page 1938 of *Hansard*, concerning the attitude of the C.C.F. toward the Labour-Progressive and other similar parties. I want to say also that this endorsation is supported by the group directly responsible for my nomination and indirectly responsible for my election.

I listened with great interest to the address of the Secretary of State for External Affairs (Mr. St. Laurent). At the time that speech was delivered my one regret was the few members in the house. So few were they that I believe the Ottawa *Citizen* was quite justified in headlining its article, "Many M.P.'s leave the house." I am glad to say, however, that in the news item the reporter of the Ottawa *Citizen* indicated that in proportion to its numbers the C.C.F. group in this house had by far the greater representation present.

Mr. JOHNSTON: Does that include you?

Mr. HERRIDGE: In principle. The attitude of some hon. members on this important question, as indicated by their actions, does not reflect the attitude of the fathers, the mothers, the widows and the younger people of this country, who are vitally concerned about this important matter, and who are also vitally concerned about what is said and done in this parliament.

I am glad that in Canada we do not suffer from the war hysteria which seems to prevail on the other side of the line. Some English friends of mine who have recently come to the United States, and who have paid short visits to Ottawa, have expressed to me their relief on finding that the Canadian people are not being swayed by the tides of emotion experienced in some places in the United States. They find us more like the British and the people of the western democracies of Europe. My friends told me they were pleased to see that we at least were remaining cool, calm and collected and trying to view the situation objectively.

This is a very wide subject, and one must somewhat limit his remarks. However I wish to refer to some of the statements made by the minister when he made his address in this chamber. I quite agree with him when he said:

> We know also that a line is being drawn which runs through the hearts of free men everywhere, and that on our side of that line are all those in every country who work and fight to preserve the freedom and dignity of the individual against reactionary dictatorship, whether communist or fascist. We know that there can be no neutrality in this conflict, which is as spiritual as it is political.

I am pleased indeed to see that the minister realizes the need for us to concern ourselves about both the fascist and communist forms of dictatorship, and again I want to ask: what group in this house or what party in this country has been conscious of that fact longer than the C.C.F. party? What group in this house, as a party, has expressed its opinion of the fascist destruction of the democratically elected government in Spain? What group expressed its attitude on the Ethiopian question, the nazi enslavement of the Austrian working class and the nazi conquest of Czechoslovakia? One group, one political party in this house, as a party—and I pay tribute to the individual members in other parties who expressed their opinions—

has recognized continuously the dangers, not only from the communist menace but from the fascist menace, the C.C.F. group.

Recent events in Czechoslovakia surely shocked us all; because I think there has been a sentimental attachment on the part of genuine Liberals—and I speak of liberals philosophically—to the rise and development of democracy in Czechoslovakia. We have in mind the great historic characters of Doctor Masaryk and his son and Doctor Benes, and their historic struggle in the centre of Europe for political democracy. I think there has been for many years great affection for the development of Czechoslovakian democracy in all western democratic countries.

Mr. GAUTHIER (Portneuf): The way they treated the Slovaks?

Mr. HERRIDGE: Even the best of countries have their dark spots.

Mr. GAUTHIER (Portneuf): Yes.

Mr. HERRIDGE: None of us are perfect.

Mr. GAUTHIER (Portneuf): We know that.

Mr. HERRIDGE: We all realize that, because of her geographical position, Czechoslovakia has been subject throughout the years to the east and west pull and subject to the terrific influence of the Soviet union. But we should not forget it has also been subject to the influence of western capitalist democracy.

I remember some years ago reading a book written by Mr. Lockhart who was at one time a member of the foreign affairs department in Great Britain, in which he makes a comment on how the Czechs enjoyed their parliamentary democracy, and how they enjoyed going through the forms of parliamentary government, little realizing that at that time, in the early twenties, the strings were pulled by the Bank of England.

At the same time I find many crocodile tears being shed in the western world over the fate of the Czechoslovakian democracy and over the tragic end of Mr. Masaryk, by persons, who throughout their whole careers have stood opposed to everything for which those gentlemen stood.

I remember on one occasion when a fine gentleman who happened to be a tenant of ours died. This man was a Czech and a socialist. Because we happened to be the landlord, and the fact that this man was a bachelor, the police asked me to go with them to check his effects. I shall never forget the constable going through the books on this man's shelf. There was a row of books there by Mr. Masaryk, Senior—Professor Masaryk as he was known at that time. The constable took them off the shelf and said, "I shall have to take these, Mr. Herridge; this is subversive literature". I said, "Why?" "Well," he said "you have only to read about these people to know that this is subversive." I said, "Don't be a silly ass; this man is a great statesman, a great democrat, a great intellectual". But no, he would not have anything to do with that, because he had been influenced by the writings and sayings of that time.

I should like to refer to another fact. Why during the pre-war period did the western capitalist democracies remain silent during the nazi and fascist conquests? Why did we not hear the moral indignation we hear expressed today? I think there is one reason, and that is that, so far as monopolistic capitalists are concerned, they know that nazi dictatorship and fascist dictatorship offer no hindrance to the development of their type of economy. They know that communism means the end of capitalism and their control.

I should like to comment briefly on one or two statements made by the minister. He went on to say:

> Most of the troubles and fears of our day spring from this lack of trust, this absence of mutual toleration. The main although perhaps not the sole responsibility for this rests upon the aggressive and imperialistic policies of communism.

I agree with the minister's statement there, that perhaps not the sole responsibility for lack of trust rests upon the aggressive policies of communism. We must be objective in this question. If we are to find a solution for it, we must not forget that we western democracies financed a war of intervention. Soviet Russia has never had troops on our soil. We financed a war of intervention during, shall I say, the formulative and liberal stages of the Soviet revolution.

That was done because certain monopoly capitalists were afraid of losing their investments in the Soviet union. No doubt we have some responsibility for the course of events in the Soviet union. That war of intervention, the attacks from without between it and the second world war, assisting by crystallizing the dictatorship in Russia; it assisted in my opinion, and in the opinion of many thinking people, to develop a police state, to develop the fear which develops a police state, to develop suspicion and to develop the misunderstandings which exist today.

Then again the minister went on to say:

> No regime in Europe or anywhere else has the right to assistance merely because it proclaims itself the only barrier against communism. It must do much more than that.

I agree with the minister in that, because I realize that the Canadian people are concerned about the form of government we are supporting at this time in other countries.

I might say in this respect that what the people want is the truth. Unfortunately in the Soviet union the people of that union are not being given the facts as to what the people in the western democracies think, and what they are doing. While there is more, shall I say liberalization of news in this country, through our press, there is much distortion and much suppression. Only recently there were the headlines in the United States papers—"Russian submarines off California coast". It was found to be a tempest in a teapot, and it died down. Then you will find headlines and editorials respecting some statement made by some spokesman of the Soviet union, or someone connected with that economy, and then later you will find a denial. Only recently—and I do not recall the incident clearly—some official was supposed to have made a statement about which there was editorial comment throughout the country. A month later it was found that the statement was perfectly untrue—but that was mentioned in a small paragraph at the bottom of the page. That is not fair reporting; that is not objective; that is not true.

What about Greece? It is not necessary for anyone who reads anything about world history or world developments to misunderstand the situation in Greece. Evidence abounds. I shall give only one or two concrete illustrations. This is what Colonel A. W. Shepherd, an Australian army officer who served two and a half years in Greece, had to say. He served first as a combat officer, then as an officer with UNRRA and later as head of the British economic mission to northern Greece. He expressed himself as convinced that the royalist government with its incredible brutality is gradually driving all democratic opposition into the extreme leftist camp.

A score of reporters who recently interviewed Colonel Shepherd in New York wrote voluminous notes about what he had to say. But the next day the United States papers and our papers almost completely ignored the incident.

In the little villages Shepherd watched the Greek government handle last year's free elections. He said that a royalist officer, encouraged to confide because of his British uniform, explained, "We will arrange an almost 100 per cent monarchist vote; just five against. We have already picked out five government enemies to be the opposing votes. It will give us an excuse to take care of them later."

[Mr. Herridge.]

Richard Mower of the Overseas News Agency recently wrote from Athens that the gendarmes are using the nazi wartime proscription lists to round up suspected persons.

We all know that the police force in Greece contain many elements which suppressed Greek patriots and Greek liberals in the real sense of the word during the time of the German occupation. Dwight Griswold, head of the Truman economic mission to Greece, was reportedly shocked when he recently discovered that the Greek government had sealed up some $75,000,000 of UNRRA goods while the people shivered in the rubble of their homes. We have all heard about aid to Greece and the sending to Greece of millions of dollars worth of lipsticks, jewelry and other luxuries while the people of Greece are suffering. The New York *Herald-Tribune* recently reported that the Premier of Greece said that absolute freedom of the press exists in Greece but that any Greek correspondent who criticizes the current waves of arrests, deportations and executions will be jailed.

The Canadian people are very much concerned about some of the allies we have obtained in our effort to establish a free world. I go on to China. We have ample evidence from unimpeachable sources as to the situation in China. As the hon. member for Rosetown-Biggar (Mr. Coldwell) said, there is no guarantee of the future development of a democratic and liberal regime in China. *Time* magazine of June 10, 1946, has this to say:

> The most important truth about China is that hardly anybody in China seems to retain any faith in the ability of the present government to run the nation wisely, well or honestly. The government is not a government, it is a dirty, venal lot of officials trying to get what they can while the getting is good.

Then the New York *Times* magazine of May 4, 1946, reports that Nathaniel Peffer, who had been invited by the Kuomintang to speak in all government universities, came back and wrote:

> The present government of China is the worst Chinese government in modern times, one of the worst in the world today, worst in point of incompetence, corruption, spoilation, quasi-fascist repression and lack of decency of purpose.

I noticed when the Minister of Trade and Commerce (Mr. Howe) was explaining the shipment of Canadian arms to China he did not base his argument on moral grounds. His answer, to be found in *Hansard*, indicated that it was a straight business proposition. We know from recent news reports that some sixty-five Mosquito bombers are going from London, Ontario. I can assure the government

that large numbers of Canadian people, not only members of the C.C.F. but many people who support the Liberal party and the Progressive Conservative party, are concerned about the type of government we are supporting in China in an effort to defeat communism and establish a free world.

I should like to refer now to Korea. A former Anglican bishop of Korea, whom I know quite well personally, wrote to me recently to the effect that never at any time under the Japanese administration was Korea reduced to such a state of misery or was there ever such manifest self-seeking as there is today under the allied administration. He hopes that this parliament will watch carefully lest this country should become embroiled in unsavoury strife. The Canadian people are concerned about these matters. I agree with the minister when he said:

> No regime in Europe or anywhere else has the right to assistance because it proclaims itself the only barrier against communism.

I think we can all support that statement, but words must be supported by action. Then I come to Palestine. At this point I wish to compliment the hon. member for Cartier (Mr. Hartt) upon the speech he made this afternoon on the Palestine question. I think it was his best speech since he came into this house. I enjoyed every word of it thoroughly. I want to compliment the hon. member for Winnipeg North (Mr. Stewart), who also contributed to the subject. I have not time to go into it in full except to say that I sympathize heartily with their objectives and support their attitude on this question. There again, while it is not the cause of all the trouble, I think if you removed the oil problem from the middle east you would remove much of the Palestine question. It is a struggle for oil in which innocent people are involved. Then the minister went on to say:

> The free governments are themselves at fault if they are hesitant to take the necessary social and political measures, or to show the energy, determination and solidarity required to make democracy into an efficient instrument for recovery and a dynamic political gospel.

The Canadian people have heard that language before on many occasions. While agreeing with the principle expressed, the Canadian people want assurance in more concrete terms. I remember attending a Liberal convention in the Hotel Georgia in Vancouver in 1932, at the time of the depression. I am sure the hon. member for Vancouver North (Mr. Sinclair) has a recollection of those days.

Mr. SINCLAIR: That was before you fell from grace.

Mr. HERRIDGE: Before I was saved politically.

Mr. SINCLAIR: Then you fell from grace a second time.

Mr. HERRIDGE: I may not be a member, but I am an adherent in a nearby pew. The Right Hon. Ian Mackenzie addressed that convention and I shall never forget his ringing language. It was at the time of the depression and the Conservatives were in power in British Columbia. He said: "Ladies and gentlemen, the flaming sword of righteous Liberalism is about to descend on the decadent head of Toryism in the province of British Columbia." We have found out that it was a wooden sword because they have since been married.

Hon. members will remember the posters which were posted throughout this country by the Liberal party and which promised a new social order. What did the Prime Minister (Mr. Mackenzie King) have to say in connection with that new social order? He said:

> In this new order, the rights of man will be determined, not by privilege derived from inheritance, position or possessions, but increasingly by men's own contribution through their own lives, to the common need and the common good.

The new social order. What is it? Increased profits, rising prices, lower taxes for big business and the Prince Edward Island trade union legislation. I am glad to see from press reports that that legislation is being rigorously opposed by the farmer organizations of Prince Edward Island and by the women's institutes. Taxation of co-operatives, no over-all security scheme; insufficient consideration for disabled pensioners and their dependents. Then it is illustrated in other little things such as the signing of trade agreements that take away the living of fruit growers in my own riding who have spent thirty to forty years in building up orchards without notice or consideration. That is what has happened because the policies of this country are carried out in relation to those of the United States. In the face of that record and that conception of a new social order, I am sure the people of Canada and a good many members of this House of Commons expect a more concrete definition of the government's new dynamic political gospel.

I want to say a few words about the foreign assistance act, commonly known as the Marshall plan. I am sure the majority of United States and Canadian people support this aid for European recovery. They are ready to support aid to destitute Europe on humanitarian grounds and I am sure they are

willing to deprive themselves of some things temporarily, provided that this aid is used in a proper way.

It is curious to note that some of the people in the United States and Canada who are loudest in the expression of their feelings for the suffering people of Europe, who are loudest in expressing their humanitarian objectives in this great plan, who pull out all the stops in that connection, are those who have never taken any interest in health, education or social security at home. There are people behind the scenes who want to use this plan with political strings attached to it, who actually view this assistance as a means of bolstering up the present economic system.

There are two groups of people. There are those who are willing to render assistance as a moral duty. There are those who view this as an effort to stabilize the capitalist system in Europe, possibly to rebuild some of the cartels and help to stave off the evil day in the United States and this country.

In the *Christian Science Monitor* of March 6, 1948, there is an editorial which deals with the European recovery program and which contains a long list of the articles to be supplied. I find, on reading this article, that the wine interests of California are getting an allocation of 142 million gallons of wine annually to Europe from California; that is, to the wine-growing countries of Europe. Is that going to the poor people of Europe? Is that going from a humanitarian group? No. It is going purely in the interests of a certain group, for business reasons only.

I see in yesterday's Montreal *Standard* these headlines:

U.S. Cartelists Posted to ERP Jobs is Claim

The article reads in part:

Senator Joseph C. O'Mahoney today charged that pre-war cartels are being restored in Europe and that prominent "American cartelists" are being given high jobs in the European recovery administration.

It goes on with more detailed objections on those grounds. I believe the Canadian people are behind this plan. I think it is up to this government to define clearly to the people of Canada what their position is in relation to this plan and what our contributions and our aid are to be used for, and on what terms. I think the people of this country want to see these goods sent, as I said before, and are willing to suffer some temporary inconvenience, provided that these goods are used to help the people of Europe without outside political meddling.

I now want to deal just with another statement made by the minister, as reported at page 3449 of *Hansard*:

The burden of maintaining peace, however, will not be easy. We must constantly remember that the union of the free world which is now "painfully struggling to be born" will possess overwhelming strength only if it is based on moral as well as material force; if its citizens are bound together not merely by a hatred of communism but by their love of free democracy and their determination to make it work for the promotion of welfare and the preservation of peace.

I agree with the sentiments the minister expressed, but I say now without any hesitation that the union of the new world will not be based on moral force if Wall Street continues to dominate the economic and political fields. There is a great deal of serious consideration of the fact in Canada that we are to some extent becoming a satellite of the United States. They have a great part of our iron resources. Look at their investments in oil and in the lumber industry. Look all around us. Our ownership of natural resources is disappearing. That is a situation which has been dealt with by previous speakers on other occasions. Previous speakers have dealt with the menace of international finance. The hon. member for Rosetown-Biggar said, as reported at page 3458 of *Hansard*:

The C.C.F. believes that Canada should resist any attempt by the forces of communism or those of monopoly capitalism, or fascism, to dominate the world. For our own part we shall continue to fight against totalitarianism and dictatorship of every kind, whether they come from the so-called communist left or from the fascist or capitalist right.

I agree with that statement.

I agree with the hon. member for Peace River (Mr. Low), when he stated, as reported at page 3461 of *Hansard*:

This is what we in this group have often referred to as world or international finance. It is a tyrannical force just as dangerous and as anti-social as communism.

Today we face a dynamic political communism and the menace of monopoly capitalism and international finance. My point of view and the point of view of many people in this country is that they present an equal hazard to the development of democratic freedom and economic justice.

Abraham Lincoln, with his remarkable foresight, sensed the beginnings of this money power. In a grave warning to the people of the United States he said he feared the financial power might grow and swell and pyramid until it and not the people owned the American earth and the American government.

In 1888 Grover Cleveland declared in a message to congress:

Corporations which should be carefully restrained, creatures of the law and servants of the people, are fast becoming the people's master.

In 1913 President Wilson declared:

> The masters of the government of the United States are the combined capitalist manufacturers of the United States.

In 1938 President Roosevelt declared in a message to congress:

> The liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than their democratic state itself.

In 1935 the Prime Minister uttered a statement in similar vein. I do not intend to criticize all capitalists. I am criticizing that centralization of finance and monopoly capitalism which, in a crisis which threatens its existence will support fascism. There is some difference between the capitalist who invests his money in the country—who invests in an irrigation scheme, in the development of natural resources, hydro electric, public utilities and so on—and the one who invests his money outside it. He is a different type of man from the capitalist who is searching around the world for foreign investments. The capitalist who invests his money in Canada is a different type of man from the one who invests his money, for instance, in a street railway in Madrid. The place of investment conditions their outlook. These people are internationalists just in the same sense that communism is international. Their loyalty is not to their country. Their loyalty is not to the nation of which they are citizens. You know the scriptural text to the effect that wherever your treasure is, there will your heart be also. These men who have investments around the world are internationalists. Because of those investments, their outlook is such that their first loyalty is not to the country in which they reside. That is why many of us consider that we must face this question which is confronting us squarely, the two perils —international communism on the one hand and international finance on the other.

I am not given to quoting at length, but there is a crisis within democracy, and I am sure that all of us, to whatever party we belong, are concerned about the preservation of it. Many of the statements made by the members I think show a lack of thought in this connection, and a lack of realization that we are living in a changing world, not only abroad but at home. I want to quote somewhat at length in order to put on record what I consider to be one of the most thoughtful considerations with regard to this threat which exists within democracy itself. This booklet I have in my hand is entitled "The Coracle". It is the official organ of the Iona community. The article to which I refer is written by Sir George MacLeod, a personal friend of mine whom I have known for many years. This is what he has to say under the heading:

How to Preserve Democracy

I intend to read quickly because I should like to get this on the record for the information of the house. I continue:

> How many ordinary folk grasp the real threat that faces "western democracy"—not from Russia but within its own consistency?
>
> How many have faced the one condition on which it can continue to work? It is a byword that too many of our youth today are not concerned with politics. Modern youth are apt to say, "What is the use? We cannot affect the situation." Do we—or do they, for that matter —appreciate how right they may be, unless one condition is conceded?
>
> Theoretically, western democracy is in the gravest danger of not being able to function. It is perhaps the strongest card in the communist's hand. Nor is it difficult to explain.
>
> Parliamentary democracy, as we know it, only worked really well in the nineteenth and early twentieth centuries. The condition of its survival is a common agreement about economic principles, e.g., in the nineteenth century, when there was common agreement about the capitalist way of life, it was a workable arrangement that His Majesty's government should proceed in a conservative way and His Majesty's opposition should proceed in a radical way: or vice versa. "Five years in and five years out" meant that a healthy balance was kept between the more cautious over against the bolder road to progress: as parliamentary majorities changed hands. But the moment the issue ceases to be the pace at which we move and becomes a primary difference about the way of moving, our whole method is in danger. The movement, that is, when the difference between the two main parties is not political but economic: when what is at variance is the nature of the society we seek to build and not merely the expedient pace for building—parliamentary government is in jeopardy.
>
> If ever a clearly capitalist party faces a clearly socialist party—then a general election every five years becomes a menace. For it is obvious that you cannot nationalize everything for five years and denationalize everything for the next five years, and so on, without resulting chaos. This is precisely what the communist and the fascist say: and men are foolish to disregard their thesis. It is because of this insight you get the extreme right and the extreme left pleading for "one party government". Take control, each says, and ensure that the other side never gets back. The opposition, in this view, ceases to be "His Majesty's opposition" and becomes His Majesty's enemy, fit for the shadows of prison rather than for a shadow cabinet. Only so, they say, can any country get on at all.
>
> There is only one escape in our own country from a similar decline in genuine party government. The one condition to assure a new lease of life for "government by alternating parties" is a mutual acceptance of a new economic basis. And it is the very nature of our contemporary world that demands what we may call a socialized rather than an uncontrolled monopoly basis.

Once there is general agreement that the priorities of production are the concern of all and not a private playground then we can afford a continuing argument about the pace of achievement. Those of "conservative" mind saying do not go too fast, those of a "radical" mind saying we must go faster: but both sides admitting the necessity, in our contemporary world, of an agreed over-riding thesis. Granted that, parliamentary government becomes realistic again and we can afford the dangers of universal suffrage and an alternating pace of achievement every five years.

In the issue of democracy then, our fate is that we must all generally agree about an over-riding social responsibility: only so can we possibly integrate into the world economy to which we now belong.

Then in conclusion:

It is in this sense that it is a complete confusion to maintain that the issue is between "freedom" and "planning". Unless we generally accept "planning"—and confine the argument to the subsidiary issues of its pace—we will find ourselves bereft both of freedom of speech and freedom of association. Unless we generally accept "planning"—and find a new area for the display of personal initiative—our parliamentary democracy will soon fail to function.

That does not necessarily mean a completely socialized state, Mr. Speaker, but it does mean that economic decisions concerning a large section cannot be left to a few men having greater power than the many. The enterprises of the state, whether publicly, co-operatively or privately owned, must be co-ordinated and operated to the public good.

I believe in the hope of world democracy. I believe that this hope can be realized for Canadians and for all people in our time, but I see this hope endangered by present trends. Many fear war; many expect depression; some await the destruction of the united nations. To those who admit the truth of all this and say, "This is a time for waiting," I reply, "We cannot wait." The welfare of Canadians and the welfare of the world demand that we act now.

Our industrial workers fear the insecurity of present employment; as their real wages fall with rising prices they suffer steadily declining standards of living. Our farmers fear that their period of prosperity is coming to an end. Our businessmen fear the instability of their markets. In the lifetime of my generation we have witnessed two world wars and two major depressions. But to accept the inevitability of war and depression is, to me, to deny democracy. The idea that personal or national insecurity is a necessary part of modern life, is to me, absolutely outrageous.

I wish to say briefly that I support the foreign policy statement issued on April 16 by the Co-operative Commonwealth Federation. My time does not permit me to go into or to explain this at any length.

The ACTING SPEAKER (Mr. Golding): I must remind the hon. member that his time is exhausted.

Mr. HERRIDGE: May I have a few moments?

Mr. SINCLAIR: This is an auspicious occasion, the prodigal's return.

Mr. HERRIDGE: The hon. member is very much interested in our domestic affairs.

This statement deals both with the united nations and continued support of the united nations and support for the European recovery program but insists on no meddling in domestic politics, and I support these views. I believe that the British commonwealth of nations can assume the moral leadership of the world, and in association with the other democracies act as the balance wheel in international affairs.

I might say that in my opinion the British commonwealth of nations, in association with the other western democracies, can play a tremendous role today in giving moral leadership to the world. I think there is no question about that. We are witnessing the collapse of a financial system. I am one who personally believes that we soon have to revolt against the tyranny of gold. I think we of the British commonwealth of nations, in association with the other western democracies, must combine and devise a method of social credit in combination with democratic planning if we are to defeat, not only the onslaught of communism but the threat presented by monopoly capitalism.

As to our domestic policy, I propose the national program of the C.C.F. as a rational program drawn up and designed with an understanding of the past, the present and the future, a full understanding of Canadian conditions and Canadian psychology. I should like to go on at some length on that aspect of this situation, but my time will not permit.

In my opinion, Mr. Speaker, our people want leadership. The present sense of insecurity is having a damaging effect on personal and national effort. With planned objectives and purposes, I am sure the Canadian people will conscript themselves in the cause of peace. I believe that on this approach and on this program the future of our land depends.

Mr. EUGENE MARQUIS (Kamouraska): Since the end of the war, no debate has retained the attention of the Canadian citizens more than this one concerning our situation relating to external affairs. Any policy

elaborated on this matter will have far-reaching effects on the economic and physical health of our nation.

As a representative of a constituency composed of peaceful farmers and labourers deeply attached to their faith and their traditions, and as a member of the standing committee on external affairs, I feel duty bound to put on the record a few observations on that vital subject.

We are all aware that the present world is shared by two contradictory ideologies: firstly, the atheistic and totalitarian materialism, known as communism; secondly, the governments of the nations that believe in God and in the freedom of the individual, however they may be affected by a communistic infiltration, till now known as democracies.

It is quite abundantly proven today that the communist governments are dictatorships, in which the most oppressive powers are vested, and the leaders of which are tyrants who treat the individuals as the property of the state. Such a dictatorial system is in force, not only in Russia, but also in the surrounding countries which are now deprived of their most cherished liberties. It is well known, too, that an iron curtain is now separating the communist area from western Europe and the American continent. And this iron curtain has been placed there as a demarcation line, not by the consent or by the suggestion of any democratic nations, but entirely and exclusively by a totalitarian government, so generously assisted by western allied people during the war and without any due consideration for the welfare and the freedom of its subjects. This impassable barrier is erected by the communists so as to control every citizen behind it and to make them slaves of the state. Strategic posts are held by strong believers in the cause of universal communistic revolution. This barrier is disposed in such a way that it can be opened only on one side, and it is not on the side of the western bloc.

Communists only are permitted to come into our free world. The entry is forbidden to an international commission to go freely, visit these countries, inquire into their military forces and armaments and study the way of living of the different classes of their people. Such is the isolated camp of the communist peoples. Even the ambassadors and chargés d'affaires of democratic countries are held under polite supervision by the communist governments. What then is the use of having official representatives in such countries? I do not see what benefit could result from maintaining costly representation near governments which offer no collaboration at all.

On the other hand, certain communist officials coming from abroad have fomented and encouraged communist propaganda and espionage in many American countries, and particularly in Canada. We desire peace and wish to avoid any cause of trouble and war. Since the ideals of the eastern and the western bloc are irreconcilable, why not adopt the policy of living peacefully at home, economically and politically? But this does not mean that we should isolate ourselves from the other democratic countries on this side of the iron curtain.

On the contrary, our external relations with the non-communist democracies should be developed and amplified as much as possible. For the time being, we have to give the fullest co-operation to these countries in order to stabilize their economy, as well as our own, and plan with them the best schemes by which to secure peace and prosperity in our western hemisphere.

Our free countries constitute a very large world and can live in freedom and prosperity by themselves. Let the communists try to achieve the same ideal in their so-called democratic closed countries. If we could be of any assistance to the people under the control of the Kremlin, perhaps we would be justified in trying to maintain our representation over there. But as long as it is impossible to collaborate and to have access to those suffering people, it seems to me that it is dangerous to expose our citizens to communist propaganda any longer, without having the least chance of demonstrating the principles of real democratic freedom among the people under the communist domination. The time has come, I hope, for all the non-communist countries efficiently to protect and safeguard their democratic and Christian philosophy.

Mr. Speaker, Canada has the right, and is obliged, to devote herself to the conservation of her political and national health as much as any individual is naturally inclined to safeguard his own life. What is the foundation of our national life? Our constitution, which guarantees to each government in this country, in its own respective jurisdiction, freedom of faith, language and speech, according to the rules established by the law of the land; freedom of union for workers; freedom of property and freedom for the people to elect representatives of their own choice. But this freedom must be exercised, having regard to the obligation of the citizen to respect the proper authorities, to respect the right of property, and the social order as it exists under our Christian democratic political system.

Our national life is composed also of rights and obligations to which we are deeply attached and which we are duty bound to preserve.

Any individual knows that if he swallows poison he may die. Is it not crystal clear that if democratic nations are contaminated by the poison of communistic doctrine they will lose their freedom of creed, thought, and speech in a short period of years?

The enemy now menacing our democratic system is twofold: one, external, commonly called the Moscow bear; the other internal, which I may call a hypocritical and dangerous adder. The Moscow bear has shown its menacing attitude on many occasions in the last three years. It has done all it could to achieve its aim and ruin the free action of our nations.

Moreover, in international assemblies, the communist representatives endeavoured to introduce ideas which could facilitate their fight against us. The veto was resorted to whenever the democracies wished to have a right granted. No co-operation is possible between the advocates of liberty and those who try to destroy it. The Moscow bear is menacing, but the adder which creeps among us constitutes the immediate danger which we face!

This danger arises from many sources; first, the representatives who establish spying centres; second, communist groups in certain labour unions or other associations which are sometimes organized under so-called philanthropic, patriotic and charitable groups; third, the Labour-Progressive party, of which Tim Buck is the active leader; and lastly, all those who, intentionally or not, talk and act against the authority and the social order which we enjoy.

This is Canada's perilous position at this time; our country is menaced from outside and, soon, may be undermined from within. Having suffered two wars, it now deserves a fair, stable and durable peace. A conflict now would crush it between the two blocs of which it is the geographical link. Discovered by a Christian believer who placed her under the protection of the cross, Canada must pursue her course in order and in peace under the watchful eye of God. But to attain our goal, must we not disperse both the exterior and the interior threats? Why allow foreign powers, desirous of destroying our democratic system, to instal observation posts in our country which might serve as a hotbed of intrigue and revolution?

When a neighbour refuses to receive us we do not invite him into our homes. Why maintain relations which might well be dangerous? Has the hour not come when we should each remain at home? Would it not be the best way to avoid war? When one is convinced of the bad feelings of an adversary it is better to avoid meeting him. It seems to me that if the communists guard their territory with guns the least we can do is to bar their entry, official or otherwise, into our country.

Once the doors of democratic countries have been closed to these official or non-official agents of communism, it will be easier to establish order at home. To do this we need the loyal and complete co-operation of all powers, federal, provincial and municipal, and of the truly democratic governments. Any government or party which uses communism as an electoral platform commits a criminal offence against the life of the nation. In sane co-operation we shall find the method of adopting social laws whose justice will heal the wounds which now afflict us.

It is not war, which will revive in the hearts of men the virtues of faith, hope and charity. It is not war, which in fact destroys more innocent people than criminals, that will eradicate from the hearts of men the roots of communistic hatred; and it is not on war, born of hatred, that charity thrives in this world. Only by keeping away the agents of communistic propaganda and establishing in our country a reign of social justice shall we consolidate a nation guided by charity, a nation from which hatred and communism will have been banished.

Should we, then, give a free hand to those within our country who endeavour to undermine our social order? Our criminal code provides severe sanctions for offences against property and morality. A robber is liable to imprisonment. All the more should people who attack not only our individual liberty but the basis of all our liberties not remain unpunished in the name of a false interpretation of freedom. Groups organized against the security of the state should be barred from society. Though it is impossible to read people's minds, we can judge them by their actions, their writings, their speeches; and we have sufficient evidence of these in communistic groups to prove their delinquency. It is the duty of every attorney general in every province of this country to prosecute them under the criminal code; and if the provisions of the code are not adequate, amend-

ments should be introduced to guarantee the safety of our nation. Moreover, even if it is not a radical means of suppressing communism, it is our duty to outlaw communistic organizations. Every communistic movement is clearly directed against the security of the state, and therefore is not entitled to be recognized as a political party. Otherwise we would be going against our natural instinct of preservation which is inherent to all societies and individuals.

In my humble opinion, it is by preventing every kind of communistic infiltration from the outside, by protecting ourselves against communism on the inside and by maintaining in Canada social order and justice that we shall contribute all the more to universal peace. In this way democracies will develop in an era of peace and order without having to resort to war, unless they are attacked. As for the totalitarian, atheistic system, it will crumble under its own weight, because it is based solely on hatred, injustice, theft and contempt for international and natural laws. The day will come when pressures are castigated and an era of freedom will be revived in the world. The doors of the communistic area will then be opened, and all the nations will live peacefully and good will shall cover the whole world.

Mr. F. S. ZAPLITNY (Dauphin): Mr. Speaker, what I shall have to say on this occasion may sound a little idealistic and visionary after the more lusty speeches we have heard on this subject during the last few days. However I believe it is generally accepted that this debate has shown more ground of agreement on the part of those who have spoken than any previous debate on foreign policy, at least in my memory.

The chief subject on which I wish to speak this evening is what is known as the united nations educational, scientific and cultural organization. I want to refer to this for a few moments because of the uncertainty which seems to exist in the minds of the Canadian people, particularly those interested in promoting an organization of this kind, as to the intentions of the government in this regard. I would refer the Secretary of State for External Affairs (Mr. St. Laurent) to certain questions and answers as they appear at page 850 of *Hansard* for February 4, 1948. The hon. member for Saskatoon (Mr. Knight) had placed on the order paper some questions dealing with UNESCO. The first question was:

1. Has the Canadian government made any progress since last session in the matter of setting up a national commission of UNESCO?

Then other questions followed. The reply was:

1. No. It has been decided not to proceed at the present time with the establishment of a national commission for UNESCO.

If the right hon. gentleman has made any further announcement since that time, contrary to this reply, at the moment I am not aware of it, so I shall have to accept this statement as being the reply of the government. I believe it is not more than eighteen months ago that the same minister introduced in this house a resolution dealing with this organization, and at that time he asked hon. members to endorse Canada's membership in UNESCO. If there has been a major change of policy on the part of the government in relation to this organization, which to my mind is very important, then I believe this house should have the advantage of the inside story. We should know why there has been a major change of policy and what the intentions of the government are for the future.

To my mind this is a very important organization because, in spite of all the things we say about the balance of power, world politics, military alliances and so on, we always have to come back to the realization that thought precedes action. If it is the wish of the peoples of the world to have universal peace, then of course we shall not have to invest billions of dollars in armaments, national defence, military alliances and things of that sort. If it were possible to get behind the iron curtain which exists in the minds of the people on the question of war, and to appeal to their better nature—because they have it—then we might be able to bypass a great deal of the heart rending that has taken place in the last two years.

I wonder if the government has changed its policy in this regard on account of certain statements made by persons in this country who have attacked UNESCO and have, in effect, stated that it was a communist front and that the members of that organization existed in order to assist the imperialist plans of Russia, and things of that sort.

I hold in my hand a copy of a speech delivered on April 8 of this year at a Rotary club meeting in Hull by a gentleman named Ernest Dufour. He is here indicated to be chairman of the international service committee of the Rotary club of Hull. On that occasion he made this statement, a most disturbing one if it carries any weight with the government:

It was a sad day for me however, when as early as in 1946 only a few months after the birth of UNESCO I read, firstly in the

newspapers and then in the *Rotarian* that Rotary international was entirely and completely behind UNESCO and were urging Rotary clubs everywhere to program UNESCO meetings to familiarize members with this important agency.

Then he went on to explain why it was a sad day for him when he found that Rotary international, of which, of course, he is a member, has taken it upon itself to familiarize its members and the public with the functions and objectives of the organization known as UNESCO.

Farther on in his speech he makes certain attacks upon the personnel of the executive of that body and, as a matter of fact, even attacks the secretary-general of the united nations, using this kind of language:

> Lie has proved himself a reliable friend of the Stalin regime for nearly a quarter of a century.

In other words, part of his speech was to the effect that he deplored the activities of Rotary international in this country in the role it has been playing since the creation of UNESCO, in promoting its objectives and familiarizing its membership and the public with its objectives and with its program.

I am in no position to know whether the charges made by Mr. Dufour are based upon fact, or whether they are based upon his own personal opinion or perhaps his own personal prejudice. But I am sure the Secretary of State for External Affairs should at the earliest opportunity inform the house and nation as to how much truth, if any, there is in the charges made by this gentleman; and if the government has changed its position on the setting up of the Canadian commission for UNESCO, or if it has not changed its opinion, then of course the country should be made aware of it.

It is set out in article V of the UNESCO organization, under the title "composition"; that is, what it shall be composed of:

> The conference shall consist of the representatives of the members of the organization. The government of each member state shall appoint not more than five representatives who shall be selected in agreement with the national co-operating body or bodies or national commission.

In other words, Canada's membership in the organization is based upon the setting up of what is termed a national commission of not more than five representatives. Naturally, since this organization deals chiefly with the dissemination of education in all its forms, the organizations in this country which have to do with education, such as the Canadian teachers' federation, the various teachers organizations in the provinces, the Canada and Newfoundland educational association, and others, have shown extreme interest in this project and, as a matter of fact, have made representations to the minister to be represented on this commission.

Apparently, if the reply of the minister of February 4 is to be taken as final, the government has decided to drop the whole project and to do nothing more about it. If that is government policy, it appears to emphasize and to underscore the attacks made upon this organization by such gentlemen as Mr. Dufour, who makes an attempt—based upon what knowledge, I do not know—to throw suspicion and a certain amount of cynicism into the functions of this organization in order to turn the people of Canada against it.

Either there is something to the charge made by Mr. Dufour and others, or there is nothing to it. And I say the minister owes it to the house and the country to set the matter straight at the earliest possible opportunity, so that the co-operating body of educationists in this country, who have shown a great interest in this project and have shown their readiness to co-operate with the government, will know what the position is.

I believe it is only fair that some of the background of this organization should be given at this time, in order that we may judge for ourselves whether it is likely to be a subversive organization or one which may contribute something toward world peace and understanding.

Article I of the constitution of this organization is headed by the word "Purposes," and two chief purposes are set out, as follows:

> 1. To develop and maintain mutual understanding and appreciation of the life and culture, the arts, the humanities and the sciences of the peoples of the world, as a basis for effective international organization and world peace.
> 2. To co-operate in extending and in making available to all peoples for the service of common human needs the world's full body of knowledge and culture, and in assuring its contribution to the economic stability, political security, and general well-being of the peoples of the world.

If these two objectives were carried into effect; or, in other words, if this organization were successful in attaining these two objectives, then it would be doing something which at least ninety per cent of the members of the House of Commons have been trying to impress upon the government in the last few days.

It appears to me that the objectives of this organization are very worthy, and that if we are to play any part in co-operating with other nations in the organization, then it is about

time we made up our minds whether we are to be in it or out of it. Perhaps I should also say that UNESCO is not a new idea which arose after the close of the second world war, as seems to be the impression of some people who speak about it. As a matter of fact, as far back as the peace conference in 1919 one of the French statesmen, named Leon Bourgeois, brought up the idea of what he called intellectual co-operation, and suggested that an auxiliary organization be set up in order to bring together the intellectual co-operation of the various nations of the world.

Very little attention was paid to his suggestion at the time. However, again in 1921 he brought the idea before the assembly of the league of nations at Geneva in September of that year, and was successful in having a resolution passed authorizing the council to set up a committee to deal with international questions regarding intellectual co-operation.

It might be valuable at this time to see what the objectives of this organization were to be, because they happen to be very much in line with those I have quoted from the constitution of UNESCO. These were later stated by the French delegation at San Francisco as follows:

1. That peace among nations must be founded on comprehension and mutual understanding.
2. That the united nations has a duty to see that cultures are made accessible to all men.
3. That it is the duty of the united nations to facilitate the exchange and dissemination of knowledge about national, cultural and educational activities.

With a set-up of that sort, it would appear to me that this organization is a sincere attempt on the part of the membership of the united nations to exchange ideas on general education, science and culture among all the member nations. It does appear a little strange that anyone should consider it as being a subversive or communist front, particularly when we find that the Soviet union is about the only country not a member of UNESCO. I believe there is some confusion and the minister should set the matter straight.

What are some of the things that this organization could do? When I took part in the debate on the resolution when this was introduced in the house I stated that one of the things upon which Canada should insist in the united nations was the right of UNESCO or some similar organization to present a minimum program for peace in every nation of the world. There is much talk about the iron curtain, but sometimes I wonder whether we are taking full advantage of the facilities that we have to disseminate information across the borders of all countries in the world.

I believe that if the people of these nations were made aware of the full consequences and futility of war there are few dictators or tyrants who would set out to conquer the world. The people of the nations concerned would rise up in arms and would stop a war before it ever had a chance to start.

I have in my hand a sheet which was published, I believe, in 1945, toward the end of the war, entitled "World or War." This sets out certain information which I believe should be made available to every school child in every country of the world. This information would give the people some slight understanding of what is actually involved in war. We have the tendency, as soon as war is over, to talk about it as a matter of academic interest, but these are some figures of the casualties on the allied side alone up to May 31, 1945:

	Killed or missing	Wounded
British commonwealth	434,885	468,388
United States	296,352	651,168
Soviet Russia 12,000,000 to 15,000,000 and red army personnel		civilian

That is only one side of the picture. If we continued the figures to the other side where the destruction of property and loss of life was probably greater it might cause the people of the world to pause and think before they started on another adventure. Let us look at the material side. It is impossible to estimate what destruction was actually caused by bombs and artillery bombardments and so on, but in round dollars they give the cost to Canada up to the end of March, 1945, as $15,000 million.

Fifteen billion dollars is so much money that the average person like myself who has never seen $1,000 at one time can hardly visualize it. But they put it in terms of what that money could buy. We are told here that $15,000 million would provide a house for every second family in Canada worth $8,000 each. It would provide repairs for all the other houses to an amount of $210 each. It would supply a car, a refrigerator, a washing machine, a radio, a vacuum cleaner, a sewing machine, a cooking stove and $200 worth of new furniture for every family in this country. Of course these are based on 1945 prices and they would be a little optimistic for 1948.

That gives us a slight conception of what is involved in terms of material costs. The loss of the finest of the young men of this and other countries is incalculable. That is something which cannot be put in figures of any kind. These are the facts which should be made known, particularly to nations which have been known to go out adventuring or invading or taking aggressive action against

other nations. It would set out before them what they are facing. Of course the situation in another war might be more terrible than what we have passed through before.

There is, of course, the stumbling block which we come up against in every debate of this kind. People ask how we are to get that kind of information or that kind of program before the people of Soviet Russia. We are told that we are not permitted to go freely into that country and disseminate literature such as UNESCO could supply. When we come to that point there is almost a tendency to throw up our hands in despair and say, "There are two worlds; we are the one world and Soviet Russia is the other". It is considered that an impasse has been reached and that nothing can be done. Some of the speeches during this debate reflected such a tone of gloom that the hon. member for Muskoka-Ontario (Mr. Macdonnell) aptly called it a council of despair. I hope that this parliament can do something better than simply ration out despair to the Canadian people on this subject.

In my opinion there is a bright side to this question; there is a ray of hope. I think those who have studied the political history of Europe will agree with the statement which I am going to make but which may perhaps sound a little unusual or hard to believe. It is my view that there will be a political revolution in Soviet Russia in our lifetime. I say that, not because of any wishful thinking, but because I think it is in line with the development of that country and all other countries of a similar nature.

We accept Great Britain as being the cradle of democracy, as having long democratic traditions, and we are apt to forget that there was a time when they had to fight, not one political revolution but several. Perhaps the main difference between the development of Soviet Russia and Great Britain lies in the fact that Great Britain had a peaceful industrial revolution, sometimes called the bloodless revolution. Politically they developed through several stages of violence.

On the other hand, in my opinion the much talked of October revolution in Soviet Russia was not actually a political revolution. It had some political implications, but fundamentally it was an industrial revolution. It was the introduction into a backward and semi-feudal state of a new way of doing things. Because of the time at which it occurred, because of the terrific opposition to change, because of the war conditions in the country, it took on the character of a bloody revolution of carnage, looting and killing which went beyond anything that we had seen so far in a revolution. I believe that the real political revolution in Soviet Russia is still to come.

When we speak of Russia or any other country we sometimes forget that we cannot throw all the people of a nation into one basket and say, "This is Russia" or "This is some other country." In my opinion there is a great difference of opinion among the people of all countries when you speak politically.

I refuse to accept the fact that when we speak of Russia we automatically speak of communism. There is a great difference between communism and Russia as a state. We must remember that there are millions of people—perhaps a large majority; it is hard to say how many—who are opposed to the system which they have or to a political system such as communism, who have democracy in their hearts and who wish to win freedom. In due time, with the right kind of encouragement and with the faith that the other nations of the world are with them and not against them, there will come a day when they will break the chains which hold them and will establish a democratic system in several stages in that country. It will not all be done at once.

Those who read history will remember that one of the early revolutions in Great Britain was that of a gentleman by the name of Wat Tyler. Of course there are many romantic stories told about the way in which Wat Tyler was killed and how King Richard offered to lead the revolution in his place. But behind the scenes the actual fact was that Tyler, as a type, was one of those whose idea of revolution was destruction, looting and killing. For several days the mob led by Tyler looted and pillaged in London. Then, of course, there came other types of revolutionists. We had men like Simon de Montfort. We had Hampden, Cromwell, Wilberforce, Wilkes and so on, each man in his way a revolutionist.

But as time went on, each one had a little more to contribute than he destroyed. I think if we draw a parallel of that kind with the Soviet union, we shall find that there are Hampdens, Cromwells, Wilkes'es and de Montforts in Russia. At the present time we do not hear about them, but I believe that in due time their public opinion and various political mechanisms will slowly develop from a dictatorship, through representative government, and later on toward responsible government. I think we in what we call the western democracies should be doing everything possible to encourage those people rather than to throw them all into the same

basket as communists and say we will have nothing to do with Russia. If we take that attitude, then what we are doing is discouraging the very progressive and democratic forces which we should be encouraging, and throwing them into the same category as those who support dictatorship. By so doing, in the end we may be actually defeating our own purposes.

There is much that can be said about the possibilities. I have before me a book written by Professor D. Doroshenko, which is edited by Professor G. W. Simpson of the University of Saskatchewan, who also writes the introduction. Those who read this book, if they turn to chapter IV in which are discussed political conditions in the Kievan state, which goes back about nine hundred years, will find this significant sentence:

> The political organization of the state was based on two principles: the power of the prince and the opinion of the population represented in the viche, a popular assembly akin to the Anglo-Saxon "Folk moot".

That is nine hundred years ago. Yet it is not greatly different from the type of development we saw in Great Britain, in which there was a sort of dual responsibility, the monarch representing the nation at all times regardless of who else is in power, and the popular assembly, or the people themselves expressing their opinions through a parliament of the people. Nine hundred years ago, in other words, the people of the Ukraine had already started on the rudiments of democracy. They have had, of course, an extremely rough time of it, having been invaded first from one section and then from another. They have lost their sovereignty several times and are now incorporated in greater Russia. I believe that is one part of the Soviet union where the real spirit of democracy has never died. Those people are still there. They are dreaming their dreams. They are waiting for the time when, with the proper encouragement and the sympathy of the western democracies, they will rise up again and will establish true democracy in that country.

I believe that if we can approach the problem from that angle it will bring the best results. I know it is not an easy angle from which to approach it; it is far easier to condemn a whole nation and say they are a bunch of communists or that they are a bunch of imperialists, that we must oppose them and see that they do not get anywhere. But I do not believe that is the kind of approach which will bring the best results. I think we shall have to try, if we cannot get through the iron curtain, at least to see through it, by what we can get from history and experience, and encourage the democratic and freedom-loving forces, which I am certain are in that country in large numbers waiting for the opportunity to come upon common ground with the western democracies. Then it will be possible to have a real united nations, where there will be a real desire for co-operation and where there will be a chance for world peace. I believe that if that attitude were taken we might surprise ourselves as to how far we might go and how much we can accomplish.

Just before taking my seat, I wish to refer to the speech made by the hon. member for Temiscouata (Mr. Pouliot) the other day, in which he took exception to some of the statements made by my leader. He started out by admiring my leader and his way of speaking; and in that, of course, we are on common ground. But as his speech wore on, he became a little bit critical and a little less complimentary. I have often listened to the hon. member for Temiscouata in his delightful speeches and have always enjoyed them. It occurred to me that this is one time when he could be of real service to the country, because he has some really peculiar and singular talents which could be used to great advantage. I believe it would be a wise move on the part of this government to appoint the hon. member for Temiscouata as ambassador to Moscow. He spoke of conciliation; and I have no doubt that, with his charming approach and his infallible and almost indestructible diplomacy, even Joe Stalin could not withstand him for long. I would also nominate as his understudy and chief aide-de-camp, and as chief liaison officer between the fellow travellers and the embassy, the charming and genial member for Comox-Alberni (Mr. Gibson).

Mr. GIBSON (Comox-Alberni): Thank you very much.

Mr. L. R. BEAUDOIN (Vaudreuil-Soulanges): It is not without apprehension, Mr. Speaker, that I take part in this important debate. However I will take the risk, if I may, of making a few observations.

First, I join with others, both within and outside parliament, in congratulating the Secretary of State for External Affairs (Mr. St. Laurent) upon his detailed, most comprehensive and frank statement. It is indeed an historic pronouncement.

In directing Canada's affairs, this government and this parliament have the one objective in view: peace on earth for humanity. Ever since the end of hostilities, Canada has been alert in pursuing its course toward peace. Canada carried into the establishment of peace

and security the spirit of unselfishness and co-operation by which its magnificent war record was characterized.

It is well recognized that Canada discharges its obligations; and, because it does so, it is not seeking compliments. It merely hopes that other nations will follow its example and leadership and do likewise. Of course Canada aims at reaping some advantages in return: peace, security and freedom. Those who are most reluctant, or refuse, to see obligations where they lie—the more onerous the obligations, the more opposed they become—are often those who appear to long the most for the advantages. The paradox in this is that sections of the general public are often led astray as to where their true friends are. It is much easier, more popular perhaps, I admit, to join the camp of people who are always endeavouring to minimize obligations or even to by-pass them, although in their conscience they know they exist.

At this juncture, we are, I think, particularly privileged in having at the head of our Department of External Affairs a man who sets out the position with courage and blunt frankness. The people of Canada know now the exact score. In order to avoid what may become inevitable, that is another war, we must take certain steps which consist, in the main, in joining blocs of free nations, pooling our resources and providing assistance in material, money and men, if required.

As a matter of fact, no obligations emanating from our joining the free nations of the world in a self-defence scheme, under articles 51 and 52 of the charter, can be greater than those which come within the scope of chapter VII, article 42 and others of the united nations charter, which was approved unanimously by this parliament after a full debate in October, 1945.

On March 17, 1948, a fifty-year treaty of economic and social collaboration and collective military aid, was signed in Brussels, by Britain, France, Belgium, Holland and Luxembourg. It is a collective security treaty against aggression. The short speeches that were made after the signing of the treaty by the representatives of the countries concerned indicate the compelling motives behind it. Mr. Spaak of Belgium said:

> We do not intend to interfere in the internal affairs of anyone, but demand of all others the same abstention. . . By pooling our resources and our potential, we shall be the equals of the greatest powers in the world.

Among other things, Mr. Bidault of France declared:

> On the road from Paris to Brussels, there is hardly a town or village whose name is not also that of a battle. This tragedy has lasted long enough. We are here to put an end to it, with all the means in our power—means which we will employ to the limit—to come to each other's aid.

At Bogota, in the afternoon of Friday, April 30, twenty-one nations signed a pact which enlists them also as a unit of resistance against communist expansion. These twenty-one nations of the western hemisphere have adopted conventions and agreements, the whole of which may be regarded as a regional arrangement under articles 51 and 52 of the united nations charter. It is reasonable to assume that the nations of the middle east may eventually bring their league to the standard of a regional arrangement within the ambit of articles 51 and 52 of the charter.

The free world is purchasing a carefully prefabricated house, the parts of which will eventually and shortly be assembled. To the western union, the British commonwealth of nations, the Pan-American union, the Arab league, add up the few remaining free nations, and you obtain a federation of regional blocs including all the member-states of the united nations, except the U.S.S.R. and her satellites.

If such is the contemplated objective—and no doubt it is—it will be indeed a delicate operation to perform. In the next few months the free nations of the world, organizing themselves in order to assure their survival, will be skating on thin ice. It will be all the more dangerous, because they will have to act speedily.

I do not think, sir, that anyone can state that there will be no war in the near future. If it is so, it is only fair that the people be told. The U.S.S.R. may not want war; it may not be ready for a war. Perhaps they want war, and perhaps, compared with the strength of the opposing camp they are ready for a war.

Of course we cannot assess the possibilities of a war in present times as we did in the past. Hitler had over-run several countries with the aid of his fifth columns before the allies united and even fired a single shot. At the end of the hostilities we entered a race with the other allied countries for the demobilization of our forces and we won. The government was criticized for not having carried it out faster. While the demobilization race was on, we could read in our papers that parachute jumping contests were being held in the U.S.S.R. We hardly heard about any large-scale demobilization being carried on there.

We turned to the united nations for peace and security. After three years of effort, we find ourselves in a position as precarious as that which prevailed in 1939. The U.S.S.R.

has adopted Hitler's tactics and gradually extends its domination over new territories. If permitted to carry on indefinitely this sneaky process of aggression, of course the U.S.S.R. will go on exclaiming that it does not want war, because in such circumstances it does not need war. It is up to us either to decide that we call Mr. Stalin and tell him that we bow to his ruling, in which case we would not have to debate commitments, et cetera—he would take care of all that for us—or to decide to unite with others against communist expansion, and along with them to undertake necessary obligations, the amplitude of which can be determined only by the needs of the hour. These needs will be assessed and listed by men, leaders in their country as in our own, who took part in the demobilization race to which I referred a moment ago, men who are not militarists, or aggressors, men who want freedom as we know it and cherish it, for their fellow countrymen and for themselves.

In trying to check the plan of aggression pursued by the U.S.S.R., we may be compelled to resort to military action. We cannot put aside that possibility. We must bear in mind the purport of the extraordinary measures adopted by the United States government in the last few months. Pending the enactment of universal military training, the United States has re-enacted temporarily selective service legislation affecting approximately three million young men between twenty and twenty-six years of age. My understanding is that a line has been drawn and that the Moscow planners must take notice that they can go no farther.

The temporary setbacks suffered by communism in France and Italy have given us some ground for rejoicing. I venture to say that if communists had won the last general elections in Italy, the United States marines holidaying in the Mediterranean might have ceased to be tourists. A communist victory in Italy might have been counteracted by action which would have been tantamount to a declaration of war. Communist victories in any country that is now free must not take place. The free nations program must go farther if it is to observe the high objectives and principles of the united nations charter; it must contemplate the liberation of the people now under communist rule. It must aim at wiping out communism from this earth, so that once it is dislodged from its present headquarters, the Kremlin, it is not allowed to spring and flourish from elsewhere.

I have the opportunity, like many hon. members, of meeting people who take an active part in international affairs study groups. In the months preceding the last session of the united nations assembly, some of them often felt that the U.S.S.R. was misunderstood, that the Russian diplomats were suspicious of the western powers, because they had an inferiority complex or for some other reason. They always had an excuse or a justification for a U.S.S.R. move, which by others were considered as further indications that the U.S.S.R. simply did not want to co-operate unless they had their own way.

These people were not communists, or Russian sympathizers any more than Mexican sympathizers. They were Canadians trying to judge international events without prejudice and partiality. Their lack of information or their anxiety for peace and security probably impaired their judgment.

Only a few days after the opening of the last session of the general assembly, at Flushing Meadows, New York, at which I had the privilege to attend, I heard several delegates voice the opinion that the united nations could not make any progress because of Soviet obstruction tactics, and that they should make up their mind to carry on without them.

The Secretary of State for External Affairs translated, in his address before the assembly, the anxiety of a majority of delegations by sounding a warning note. He said:

> Nations, in their search for peace and co-operation, will not and cannot accept indefinitely and unaltered a security council which was set up to ensure their security, and which, so many feel, has become frozen in futility, and divided by dissension. If forced, they may seek greater safety in an association of more democratic and peace-loving states, willing to accept more specific international obligations in return for greater national security. Such associations, if consistent with the principles and purposes of the charter, can be formed within the united nations. It is to be hoped that such a development will not be necessary. If it is unnecessary, it will be undesirable. If, however, it is made necessary, it will take place. Let us not forget that the provisions of the charter are a floor under, rather than a ceiling over, the responsibilities of member states. If some prefer to go even below that floor, others need not be prevented from moving upwards.

Very patiently and with dignity, delegates laboured at achieving some constructive solutions of world problems, but Soviet obstruction tactics persisted and frustrated their efforts.

The debates which took place, both in the general assembly and in the committees, revealed the insurmountable difficulties of trying to get along with people who simply do not want to co-operate.

Today we all realize that it is not unfair to lay the blame on the Soviet group. That is where it belongs.

There is, in the house and outside, at public meetings, during electoral campaigns, a practice which consists of calling the other fellow a communist. This sort of tactic achieves nothing but the creation of confusion in the public mind as to who is really a communist. In the accusations that have been made from time to time, no single member of the house has been spared; everyone is a communist. There was once a shepherd who, for his own amusement, decided to yell, "Wolves! Wolves!" To his assistance came promptly all the neighbouring shepherds. There were no wolves. He called again. They came and there were no wolves. He called a third time. There were wolves but the shepherds did not come. We might, with advantage, remember the lesson taught by the fabulist.

The minister has already explained the difficulties of Canada in its attitudes and their interpretation by other powers as being a satellite—like attitudes of the United States or the United Kingdom. If because of our common background, culture, traditions, institutions and interests, we happen to think often alike, our own people should not conclude that we cannot stand up on our own. In a Montreal paper, a parliamentary correspondent wrote last week that Canada was moving from the orbit of Great Britain to enter the orbit of the United States. Canada is a member of the international community, move it from one orbit to the other if you wish. As the minister said on Thursday last, "This country is now inevitably and inextricably involved in the full current of international events." Those who might argue neutrality or non-participation in this worldwide crusade against communism will do so in the hope perhaps of obtaining some political advantages or in order to save their faces because they opposed war expenditures and participation too recently, or because they may find it healthy—to prevent abuses, they will say—to promote as a check encouragement to resistance to commitments of any kind. Before they embark, however, on a campaign of any sort, I wish they will pause to digest thoroughly the statement made by the minister last Thursday and await other developments which will further clarify the situation.

I address the same request to those who might be tempted to advocate greater commitments than necessary, or to exaggerate the danger. The press especially will, I am sure, in the circumstances exercise its freedom with a proper sense of responsibility and accountability to the people.

A majority in this country, in every section of this country, realizes, I believe, that isolation is impossible and that these are times without parallel in the history of mankind.

[Mr. Beaudoin.]

It is particularly significant and gratifying that the youth of this country should be so keen on studying international developments. Last March, at the invitation of the University of Montreal students, delegates representing student bodies from fifteen Canadian universities organized a federation of the international relations clubs of our Canadian universities. I am convinced that these young men and women, whom I had the pleasure of meeting, will play a leading part, in their respective communities, in the days ahead. Such is the case also for the junior boards of trade and chambres de commerce des jeunes all across the country. A delegation of this progressive youth movement has just returned to Canada after having participated, with great ability and honour, in the international congress of junior chambers of commerce, held at Rio de Janeiro. They, too, will be in the vanguard of the crusade which is now getting under way.

But in order to play their full part, they must be fully informed. I suggest that the widest distribution possible be made of the historic statement delivered last Thursday by the minister. Service clubs, business clubs, women's associations, labour groups, farmers' unions, branches of the Canadian Legion, youth organizations and others should be provided with copies of that statement for their membership. The press and radio should report it verbatim. The united nations association is, I think, the one association which could most effectively do a job of informing the public. They are engaged in this very work, and the officers of the association would, I am sure, be only too glad to help more than they are able to do at present. The united nations association, in Canada, with very little money has done magnificent work. I trust that the government will give to that association this year greater recognition and support.

On motion of Mr. Beaudoin the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. BRACKEN: May I ask the Secretary of State for External Affairs what the business will be tomorrow?

Mr. ST. LAURENT: We would hope rather early tomorrow to finish the debate on the motion to go into supply and then, when we get into supply, if it is desired to have questions answered on the floor of the house there will be an opportunity for doing so. If not, progress could be reported and I would move that the external affairs items of the estimates be withdrawn from committee of supply and

referred to the standing committee on external affairs. But before doing that, I would ask to have three other departments entered into so that we may have some work on the order paper before us.

Having disposed of this general debate on external affairs, I think it might be convenient to take up the resolution, which is No. 7 on the order paper, for the introduction of a bill to authorize such measures as may be necessary to carry into effect treaties of peace with Italy, Roumania, Hungary and Finland, which have already been approved by a joint resolution of both houses, and perhaps also to deal with the other resolution, under government notices of motions, with respect to whaling.

The minister of reconstruction would like to deal with the resolution in his name on the order paper to amend the National Housing Act. I am not sure whether the Minister of Justice would like to complete consideration in committee of the whole of Bill No. 211 concerning the mounted police. If he proceeded with that he would probably proceed with a little bill from the senate, No. 214, to amend the Prisons and Reformatories Act, which I understand is just a matter of extending to one other province the system of reformatories which is in existence in Ontario, and to do that at the request of the attorney general of any province. Having cleaned up these odds and ends on the order paper, we would in supply deal with the estimates of the Department of Agriculture.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, May 4, 1948

The house met at three o'clock.

RADIO AND AERONAUTICS

TRANSFER OF CERTAIN DUTIES TO MINISTER OF TRANSPORT

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to table order in council P.C. 2013, of May 4, 1948, under the Public Service Rearrangement and Transfer of Duties Act, transferring certain powers, duties and functions vested in the Minister of Reconstruction and Supply with respect to civil aviation, meteorological and radio services under the Radio and Aeronautics acts to the Minister of Transport.

SPECIAL COMMITTEES

VETERANS AFFAIRS—CHANGE OF PERSONNEL

Hon. LIONEL CHEVRIER (Minister of of Transport) moved:

That the name of Mr. Baker be substituted for that of Mr. Tremblay on the special committee on veterans affairs.

Motion agreed to.

DOMINION ELECTIONS ACT—CHANGE OF PERSONNEL

Hon. COLIN GIBSON (Secretary of State) moved:

That the name of Mr. Harris (Grey-Bruce) be substituted for that of Mr. Robinson (Simcoe East) on the special committee to consider amendments to the Dominion Elections Act.

Motion agreed to.

EXCISE ACT AMENDMENT

ASSESSMENT OF DUTY ON MALT RECEIVED INTO BREWERIES

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce Bill No. 228, to amend the Excise Act, 1934.

He said: This bill to amend the Excise Act, 1934, is designed primarily as an economy measure. For many years past, malt has been subject to duty at the point of production, that is the malt-houses. It is now proposed to assess the duty as the malt is received at the brewery. The cost of administration is greatly in excess of what it will be if we do not attempt to collect the excise tax on all malt and then make refunds to those who use it in industry. None of these uses in industry, other than in the breweries, has ever yielded any federal revenue. It is believed that the control heretofore exercised should now be relinquished. This has been the experience in other countries, and Canada is the only English-speaking country, so far as is known, that maintains this system.

This bill, therefore, is designed to remove that control and to place it at the point where the revenue actually accrues, namely at the breweries, and to amend the Excise Act to bring this into effect.

Motion agreed to and bill read the first time.

CUSTOMS ACT AMENDMENT

PROVISION TO GIVE EFFECT TO UNDERTAKINGS IN GENERAL AGREEMENT ON TARIFFS AND TRADE

Hon. J. J. McCANN (Minister of National Revenue) moved for leave to introduce Bill No. 229, to amend the Customs Act.

He said: Mr. Speaker, this bill is designed to give effect to undertakings embodied in the general agreement on tariffs and trade adopted at the conclusion of the second session of the preparatory committee of the united nations conference on trade and employment, especially article VII of the said agreement. This article defines principles for the determination of stabilized customs valuation which the signatory countries undertake to accord to importations of goods from each other. The bill revises or deletes such sections of the existing law as are repugnant to the agreement, and also removes certain sections which, by reason of changes in conditions, have become obsolete.

Motion agreed to and bill read the first time.

NATIONAL THEATRE

INQUIRY AS TO SUPPORT FOR ESTABLISHMENT IN CANADA

On the orders of the day:

Mr. H. O. WHITE (Middlesex East): I should like to direct a question to the Prime Minister. Inasmuch as the London Little Theatre group and one of its players have won top awards at the recent dominion drama festival in Ottawa, thus establishing London, Ontario, as the cultural capital of Canada,

will the Prime Minister lend his support to the establishment of a national theatre and a national library?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I do not know whether the reason my hon. friend has given is the only one that should govern, but personally I have always been in favour of a national theatre, and I should like to see one established.

SCRAP METAL

QUESTION AS TO IMPORTS AND SUBSIDIES

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): I should like to ask the Minister of Trade and Commerce a question. Are Canadian steel producers importing scrap metal? If so, is the government paying a subsidy on such scrap metal?

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Canadian steel producers are obtaining scrap metal wherever they can find it. It is one of the scarcest of raw materials today. A certain amount is being imported, much of it from distant countries. Shipments from long distances within Canada as well as import shipments can qualify for subsidy, under certain conditions. The maximum subsidy payable is $10 per ton.

HOUSING

FEDERAL CO-ORDINATION OF CONSTRUCTION FINANCING UNDER NEW ONTARIO ACT

On the orders of the day:

Mr. H. W. TIMMINS (Parkdale): I should like to ask a question of the Minister of Reconstruction and Supply. What procedure, if any, has the department set up to co-ordinate building construction financing under the National Housing Act with the new Ontario housing development act, 1948?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I have yet to learn of any procedure being set up for the carrying out of the Ontario housing development act. As soon as I find that there is such a procedure, I shall be glad to co-operate to the best of my ability.

Mr. SMITH (Calgary West): Let us hope he means it.

LABOUR CONDITIONS

CREWS OF FEDERAL HYDROGRAPHIC SURVEY SHIPS

On the orders of the day:

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): Yesterday the hon. member for Nanaimo asked a question regarding certain ships' crews on the Pacific coast. The crew of the C.G.S. *Parry* was asked to sign ships' articles on the basis of last year's wages pending the receipt of a schedule of rates for this year from the Department of Labour. This they refused to do. The schedule of rates for 1948 was received from the Department of Labour on April 29, and after one or two minor points had been cleared up it was approved today, to be effective January 1, 1948. Officials of the department in British Columbia are being notified to that effect. The rates set by the Department of Labour provide for increases of from $15 to $20 per month in most classes of ships' crews.

[Mr. White (Middlesex East).]

Mr. G. R. PEARKES (Nanaimo): May I ask a supplementary question? Do the same conditions apply to the *Wm. J. Stewart,* the other hydrographic ship?

Mr. MacKINNON: These rates apply to both ships.

Mr. SMITH (Calgary West): Are they looking for goldeyes out there?

Mr. MacKINNON: We do not have to go to the Pacific coast for goldeyes.

POSTAL SERVICES

INQUIRY AS TO MOTTO OF DEPARTMENT

On the orders of the day:

Mr. PATRICK H. ASHBY (Edmonton East): May I ask the Postmaster General if the postal services have a motto today and, if so, what is that motto?

Mr. SMITH (Calgary West): The postman rings twice.

Hon. ERNEST BERTRAND (Postmaster General): I think I shall have to take that learned question into consideration.

THE BUDGET

REFERENCE TO ARTICLE IN TORONTO "DAILY STAR"

On the orders of the day:

Mr. ALAN COCKERAM (York South): I desire to ask a question of the Minister of Finance (Mr. Abbott) and in his absence I shall ask his parliamentary assistant to answer. My question is based upon a leading article which appeared in the Toronto *Daily Star* of last night written by Mr. Robert Taylor and dealing with the budget. My question is this: Has Mr. Taylor been privileged to have a preview of the budget speech to be delivered by the minister at some date in the distant future?

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): No, he has not.

SUPPLY

EXTERNAL AFFAIRS

The house resumed from Monday, May 3, consideration of the motion of Mr. Abbott for committee of supply.

Mr. L. R. BEAUDOIN (Vaudreuil-Soulanges): Mr. Speaker, some reference was made last night to the cost of our embassies and their usefulness, and that prompted me to look up the record. The annual report of the Department of External Affairs informs us that Canada has twenty-eight diplomatic missions and seven consular offices abroad in addition to the permanent delegation to the united nations, the military mission in Germany, and the liaison mission in Japan. There are 38 posts abroad, and some 800 other employees. The total estimates for the department amount to less than $10,000,000. It is a very small sum having regard to the magnitude and delicate responsibility of the task performed by the department.

In this interdependent age the channels kept opened and busy between Canada and its neighbours, both close and distant, are necessary for the life of a sovereign nation. The enlightening statement of the minister, the volume of well-weighed information which permitted the minister not only to depict the international scene to us but to arrive at decisions which aim at averting war, constitute ample proof of the importance and value of our observation posts abroad and the high degree of co-ordination of our diplomatic operations.

Apart from sending a delegation to united nations last fall, during 1947 Canada was represented at 68 international conferences and meetings. In that same year Canada became party to 17 multilateral agreements and to 27 bilateral agreements. No matter how impressive these accomplishments might be, they represent only part of the work performed by the various branches of the department. Compared to the cost of a war, a few millions of dollars spent as a premium against war is indeed the very best investment this country can make. The minister has already stated that his department observes a sense of proportion in its expansion, and that should assure the country that the government is not under any delusion of grandeur.

While speaking about the work of the Department of External Affairs I wish to pay a special tribute to L. B. Pearson, Gerry Riddell and Escott Reid, and others with whom I had the pleasure of working, for their good judgment and devotion to duty. They rate with the best diplomats, and they serve Canada well.

I would like to bring to your attention the name of Mr. Bruce Williams, with whom I was more closely associated during my stay in New York. We were partners on the third committee. He is a man of great ability who will certainly work himself up within a very short time to higher stations, and I wish him well.

A great deal has been said in this debate about social justice being the best deterrent to communism. I fully concur in that view. The united nations charter is filled with provisions which, if implemented, would inevitably bring about a higher order of social justice. We must, however, create the atmosphere of good will which will facilitate the institution of needed reforms. By following the course set by the right hon. minister of external affairs (Mr. St. Laurent), we are moving in a position to achieve those aims. Unfortunately, but necessarily, the set-up must include a show of strength, a plan of resistance against aggression.

At the international level we cannot move forward unless the threat of communism, which denies all justice and freedom, has disappeared. At the national level, we could and we should do better. This government is I think doing all it can, but only at the speed which co-operation and other factors permit, having regard to our complex constitutional system.

The social security measures proposed by this government in 1945 have been acclaimed all across the country. Some of the measures it was possible for this government to enact alone. Others necessitated agreements with the provinces. It is unfortunate that agreement could not be obtained. The guilty ones bear an enormous responsibility. Had these measures been enacted two years ago, as they could have been, no one can tell how instrumental they might have been in eliminating the advance of communism in this country, but in my view they certainly would have taken us a long way toward that goal.

In New York, on January 28, 1947, His Eminence Cardinal McGuigan of Toronto declared as reported in a special article by the New York *Times* correspondent published in the Montreal *Gazette*:

> . . . that Canada's current socialization measures were among the best defences against what he termed the clever, insidious tactics of Canadian communists and their fellow-travellers.

Because of this realistic attitude among Canadians, he said, the country is adjusting itself in a well-ordered way to the post-war world.

We shall pursue that course of adjusting this country in a well-ordered way to the post-war world, removing obstacles as quickly as possible.

We know that we cannot be free alone, in an environment of enslaved neighbours. If freedom is to survive in Canada, it must be preserved elsewhere. Without freedom, we cannot enjoy and develop the spiritual and material wealth we possess. What we must bear in mind in this matter of a total preventive war is not the cost but the objective, namely, peace and security for countries with governments of the people, by the people and for the people.

Mr. WILLIAM IRVINE (Cariboo): Mr. Speaker, I am very glad to have this opportunity of expressing my views on the matter now before the house. It is probable that the desire of so many to speak on this issue does not arise from any conviction on their part that they can solve all or any of the problems which confront the world today, but it does mean that we are seized with a sense of the great importance of the questions which confront the various nations and which directly or indirectly affect our own. It also means that we feel obligated to express our own views and those of the people we represent in this house.

I am sure we are all grateful to the right hon. Secretary of State for External Affairs (Mr. St. Laurent) for his masterly presentation to the house of a complete picture of the international scene. I think it may be said almost for the first time that Canada now has an international policy although there are some phases of that international policy, as I see it, which perhaps make it worse than having no policy at all. Nevertheless it is well that we have recognized the necessity of taking an active part in international affairs, and having a policy of our own in regard thereto.

I will mention a few outstanding features of present world conditions as I see them. For instance, the economic plight of Europe and of the world in general; the deplorable situation in Greece, Korea and China; the failure to find a basis for a peace treaty with Germany; the great need on the part of all nations to protect mankind from another world war, and the present tendency, which we see everywhere, to widen the breach between the two great leading nations of the world in such a way as to lead ultimately to the third world war which we fear so much.

[Mr. Beaudoin.]

I do not intend to deal with these important matters individually. I move at once to what appears to me to be the heart of the matter in international affairs, and that is the way of life practised by the two most powerful nations in conflict in the present situation—communism as practised in Russia and capitalism as practised in America.

These ideologies are clashing, and practically all the other nations in between these two either already are or are gradually becoming satellites of one or the other. These things are happening through military or economic pressures, and needless to say all the emotions which the traditions, cultures, prejudices and fears on both sides can summon have been called into play in the battle of propaganda and diplomacy which has raged continuously, especially between these two contending forces, since the cessation of hostilities in world war II. In consequence an international hysteria, rather than that reason and good will which might have been expected from nations who fought side by side as allies in the greatest war of all time, has dominated international affairs. As a very natural consequence every constructive move toward peace, every sane proposal for the reconstruction of world economics, has been blocked, and the united nations organization, in which the hopes of mankind reposed, has been weakened to the point of ineffectiveness.

The Marshall plan, so-called, the assistance of which the countries of Europe need so very much, cannot be freed from the bedevilment of the present diplomatic conflict; for no matter how much Europe needs that help, the plan provided an opportunity for those in a position to give that help to use it, if they so wished, in their power policy and in their struggle to gain privileges or to gain points against contending nations.

I do not say, of course, Mr. Speaker, that the United States of America, which is the nation privileged to be in a position to render the help to which I refer, will use it in this way; but I say the opportunity is there, and those on the other side who know the opportunity is there are afraid of it. During the Italian election, some people in high places in the United States went so far as to intimidate the electors of that nation by stating that if they did not vote in a certain way there would be no help forthcoming to them from the economic assistance expected from the United States of America. That sort of thing, that sort of feeling, which is whipped up and stimulated by all kinds of propaganda, cannot be expected to lead to anything other than distress, hate and futility.

In spite of the present deadlock in the international field I do not believe that war is likely in the near future. I do not believe, for example, that Russia either wants war or is in a position to wage war. I do not believe that the people of the United States want war, although they are in a better position to fight one successfully than Russia appears to be. In addition there can be little doubt that the destructive possibility of war in the atomic age has a sobering effect on all the nations of the world.

While these observations may be accurate in the main, they do not by any means preclude war. If things go on as they are going, war will be ultimately possible at least. Of course, we blame Russia, and Russia blames us—that is to say, the capitalist democracies. I should not like to be a judge of where the largest part of the blame should fall. The make-up of the star actors in the present world tragedy is too good to permit ready recognition of the actors; and history will have to pass judgment on what has taken place in the world during the last two years.

There are no doubts about the fact that there are real differences between the Russian way of life and ours. There are enough of those differences to bring about friction among human beings carrying on the ordinary affairs of life; but a good deal of the friction, a good deal of the fear and the hate so manifest during the past year or so, has arisen over alleged occurrences and actions which have no basis in fact at all.

I provide just one example of that, Mr. Speaker, and it is a striking one. I am going to quote from a special article from the New York *Times* to the *Globe and Mail* of April 11, which reads as follows:

> The famous "Protocol M", allegedly containing communist information bureau instructions for action by German communists, has been proved to be a forgery, it is learned from a completely reliable source.
>
> The British intelligence service, which had been hoodwinked originally into considering the protocol a genuine document, discovered that it actually had been prepared by an anti-communist German. After careful detective work the author of the document was tracked down and arrested.
>
> It may be recalled that considerable fuss was made last winter when the protocol was first foisted upon the British, who released it to the press in all good faith, convinced of its genuineness.
>
> This incident is characteristic of one phase of the present-day nervousness and suspicion in Europe. A network of forgers and falsifiers—some clever and some not—is busily peddling allegedly secret documents to embassies, intelligence officers, ministries and newspaper correspondents.
>
> The market for such "phonies" is probably better today than ever before in history.

Hon. members will recall that when that protocol was made public, newspapers all across this continent wrote editorials upon it. The editorials written were not such as to further the cause of good feeling and good relationships amongst nations. I point out to you, sir, that this is only an example of that sort of manufactured evidence which sometimes is used with great effect by the press and others who may be better informed about the origin of these things, and who use it with devilment in their minds rather than with the idea of presenting the truth.

Our fears and our hates of the Russian revolution subsided during the years of war; our differences went to sleep on the battlefield drenched in the blood of Russians, of the British, the Americans, and all the people of the allied countries. I cannot, even in these days of estrangement and bitterness, forget the Gargantuan efforts and prodigious sacrifices of our Russian allies at that time. Nor did we stint our praise of their valour and their powers then. I presume they praised the American, the British, the Canadians, and the rest in similar fashion. They could not have been blind to the unsurpassed heroism of the British navy and the British merchant marine who plied the North sea and the Arctic despite submarine and bomber. Surely the failure to retain some modicum of that fellowship, generated in the hell-fire of a common danger, is the greatest failure of all. I hold in my hand the inscription on a scroll which was sent to the Russian people just at the close of the great war. The scroll was signed by many dignitaries of the city of Toronto in Massey hall, and it was written by none other than Doctor E. J. Pratt, Canada's distinguished poet. I want to read it:

> We have marched with you under allied banners,
> That we might freely till our soil for bread,
> And slake our thirsts at the same natural fountains;
> For to that end we counted up our dead.
>
> Have not our streams—St. Lawrence and the Volga
> Attested in these years their sisterhood?
> Have not our seas—the Atlantic and the Caspian—
> Savoured the salt and iron of our blood?
>
> And we would march with you in peace tomorrow,
> To an horizon starred with steady goals,
> Where granaries await our mortal hungers,
> And the deep-quenching wells invite our souls.

I am fully convinced that many things that the Russians believe and say about us are not true.

Mr. GIBSON (Comox-Alberni): Did you get a reply to that? I ask just for information.

Mr. IRVINE: I do not know whether there is a reply. I am equally convinced that many things which many of us say and believe about the Russians are just as false as some of the things they say and believe about us.

I turn to Edmund Burke, the great British liberal, to find an historical parallel in reaction to revolution. The words I am about to quote from him were written with reference to the French revolution, and while no doubt they were true as a superficial appraisement, they give no inkling at all of the nobler and better things which emerged despite the wild uncontrollable passions which were then let loose. Burke says:

> France has bought undisguised calamities at a higher price than any nation has purchased the most unequivocal blessing! France has brought poverty by crime! France has not sacrificed her virtue to her interests but she has abandoned her interests that she might prostitute her virtue . . . France, when she let loose the reins of regal authority, doubled the licence of a ferocious dissoluteness in manners and of an insolent irreligion in opinions and practice . . . France, by perfidy of her leaders, has utterly disgraced the tone of lenient council in the cabinet's princes and disarmed it of its most potent topics. She has dark, suspicious maxims of tyrannous distrust . . . They have found their punishment in their success . . . Their cruelty has not even been their base result of fear. It has been the effect of their perfect sense of safety, in authorizing treasons, robberies, rapes, assassinations, slaughters and burnings throughout their harassed lands.

I believe that if we change the word "France" to "Russia" we shall have what many people are saying and thinking today about Russia and about her revolution. But Burke changed his mind, and he was a big enough man to admit that he had done so; for shortly afterwards, with reference to the same subject, he wrote:

> If a great change is to be made in human affairs, the minds of man will be fitted to it; the general opinions and feelings will draw that way. Every fear, every hope will forward it; and then they who persist in opposing this mighty current in human affairs will appear rather to resist the decrees of Providence itself than the mere designs of men. They will not be resolute and firm but perverse and obstinate.

And so with the fear of those things which were regarded as so vicious. Those who had abandoned the interests of France in order to prostitute her virtue, now appear to have been instruments of the decrees of Providence.

However low our estimate of the Russian way of life may be, and I have no doubt it is quite low in many respects, their revolution did mean an improvement for them. At least they thought so, and I believe that in reality it was. They identified all the evils of czarism, from which they had suffered prior to the revolution, with capitalism, and therefore they are just as much afraid of our capitalism as we are of their communism.

The Russian people think they gained by their revolution something which they would rather die than give up. Some of us, all of us I think, feel that during the centuries, in our struggle for liberty, we have gained something which we would rather die than give up; and as things are presented to us now, it appears that Russia must either die or give up some of the things she believes in, or we must either die or give up some of the things we hold so dear. I believe that history will prove that neither the Russians nor the western democracies need either die or give up the things they hold dear.

On the other hand, there are features of our way of life which we ourselves do not want and which we are struggling day by day to eliminate, and no doubt there are in the Russian way of life features which we certainly do not want and which even the Russians themselves may not want, and which they may be struggling to get rid of and ultimately will get rid of, just as they got rid of the czar.

A world war, however, to determine which of these two ideologies shall dominate in the world, would be in my view the greatest of all great tragedies of all time; for in such a war, whichever of the two was victorious, it would mean that there would be foisted on the world a system which the peoples of the world would not want—because there are elements in our system which we do not want, while there are elements in the Russian system which we do not want and which perhaps they do not want.

Perhaps there is not enough knowledge and good will among men today for us to discover that desirable synthesis between these two extreme ideologies without our fighting it out on the battlefield, as has been the custom in the past. I hope, sir, we shall be able to struggle through to that synthesis without a third world war.

I think it might be possible mutually to agree to let each system demonstrate its ability to serve human needs and to leave history to judge between them. There is an old parable, which most of us will remember, about the tares and the wheat being allowed to grow together until the harvest. I see no reason why Russia should not be permitted to go ahead with her system in Russia and do the best she can with it for her people, and why we in this country and in the United States and other countries should not proceed with our systems that we like best and do the same

thing. I prophesy that, if that can be managed, fifty years from now the world will take neither what we have now nor what Russia has now.

I say therefore that it would be nothing short of tragedy if we were to fight another world war over something that nobody wants. The people of the world will ultimately want planned economic security, which Russia proclaims, whether she obtains it or not; but they will also demand that political liberty which we proclaim but which we have scarcely yet attained.

Security with freedom is the objective of the human being today. Those two constitute the policy of democratic socialism.

I should like now to turn to a writer with whom I have heartily disagreed but with whom in this particular I have some modicum of agreement. I refer to Walter Lippmann. He says:

> The beginning of wisdom on the Russian question is, I believe, to recognize the historic facts, that the division between eastern and western Europe, the rivalry between Russia and the nations of the west, did not begin with Marx, Lenin and Stalin.

He goes on to say in substance that the rivalry would not end if the Soviet regime were overthrown; that this rivalry, which has so recently become a problem to America, has been a problem to Britain for a hundred and fifty years. But he goes on to say—and this is the part I particularly desire to quote:

> We must give up the notion that the choice is between one world, in which the Russians are our partners, and two worlds, in which we must annihilate the Russians or they must annihilate us. I do not believe that we must annihilate the Russians or fight them; that we must have either a perfect peace or a total war. I believe that the best policy is to recognize that the rivalry will remain, and not to think it could be abolished by the united nations or even by a victorious war.

I do not agree that rivalry between Russia and America must needs be of a permanent character. But I do agree, and for somewhat different reasons, that the smaller democratic nations who are being pressed by both Russia and the United States do not have now to perch themselves on either horn of the dilemma. I believe that in doing so they are jeopardizing the great cause of peace and that they are refusing to face the issue.

I have in my hand an editorial which appeared recently in the Ottawa *Citizen*. It says:

> Today Washington, out of fear of Russia and communism, is backing the reactionary parties everywhere—in China, in France, in Greece, in Turkey, and above all in Italy . . .

That is a point of view which it is hard for us to escape accepting at the present moment.

I should like to advance the idea that the democratic and socialist countries of the world should make an attempt to hold the united nations together in spite of all the disappointments and the seeming futility of the past years. I believe they should endeavour to take a position which will stand between these two extreme powers, and try at that point to promote the principles of security and freedom. I believe that those nations should declare themselves as being opposed to the worst features of American capitalism, with its tremendous centralization of wealth, with its monopolistic control of the means by which the people of the nation must live, with its periods of poverty and unemployment and all the evils against which we are struggling here. I believe that those nations should refuse to endorse that system in toto, and should also refuse, as they are doing, to endorse what has been called the totalitarian attitude of the communists in refusing to grant to their peoples, as we are led to believe they do, the political freedom which means so much to us in this country and to the people in the other democratic countries of the world. I think these nations should fearlessly reject the worst features of both those systems and be prepared to accept whatever best there may be in them. Today I know there are some, even in this parliament, who advocate a union of nations outside of the united nations. To do that, I suggest, means that the united nations is dead, and that we are forming what will ultimately be only another military alliance which will endeavour to operate as the balance of armed strength between the two great military powers of the world. Whatever else should be done, therefore, I believe we should stand by the united nations organization.

I notice that the minister in his speech declared emphatically that there could be no co-operation whatsoever with Russia. Viewing the evidence over the last few years, I must admit that there appears to be a great deal in what he says in this regard. But that is not the end of the question. I do not think it is fair to say that such co-operation cannot be made possible under any circumstances. In the first place I should like to point out to the minister that we co-operated with Russia during the war; so far as I know, it was fairly effective co-operation. I should also like to point out that we have been trying to co-operate with Russia in the united nations, and at

least in one instance—which I believe the minister mentioned in his speech, although he did not quote it as an example—co-operation was secured; I refer to the Palestine issue, which was dealt with by the assembly of the united nations. I say therefore that it is possible that co-operation may be ultimately achieved, even with Russia. To abandon the hope of it simply means that we are opening the door to ultimate war. For if Russia is bent upon conquest of the world, as we are told is her aim in forming her group of satellite nations, and is bound to deprive the world and all nations in it of their liberty—I say, if that be true, and if it be impossible to co-operate with Russia in any way to mitigate their intentions or to prevent that kind of thing, then there is only one course for the world, and that must be war. I see no way out of it; and at the present time I think it is much too soon to say that war is the only alternative.

As a matter of fact I noted also what I think was a sort of defeatism on the part of the minister when he said this, as reported at page 3444 of *Hansard*:

> No one should expect, for instance, the machinery of the united nations to produce a solution for problems on which the two most powerful nations of the world may have diametrically opposed views that cannot be reconciled.

This is exactly what we expect the united nations will do. It is their job to find the solution. Anybody can throw up the sponge and say: It is hopeless; let us go home and make cannons. Apparently that is the policy to which Canada is now committed, if I read aright the arguments of the Secretary of State for External Affairs as reported at page 3449 of *Hansard,* where he advocates the formation of a defensive group of free states which would not be, he says, a counsel of despair, but a message of hope. He goes on to say:

> It would not mean that we regarded a third world war as inevitable, but that the free democracies had decided that to prevent such a war they would organize so as to confront the forces of communist expansionism with an overwhelming preponderance of moral, economic and military force and with sufficient degree of unity to ensure that this preponderance of force is so used that the free nations cannot be defeated one by one.

If it ever comes to the point, Mr. Speaker, where it is necessary to stop the expansionism of the communists by military force, I hope we shall have the preponderance of moral, economic and military force to do it. I have no objection, in a world such as that in which we live today, to the making of certain preparations for any eventuality. I think they properly should be made; but to say that we must abandon ourselves to that, and that the idea of co-operation is a hopeless one, means that the united nations is done, that we are entering upon another great race for the building of armaments and preparation for war, and that the next war may be counted as being only so many months or years away.

It is said that even the beasts of the forest which ordinarily prey on each other, herd together when they are overtaken by a forest fire. Surely it is not too much to hope that nations of human beings will be able to find some basis of co-operation before we are herded together in what would be much worse than a forest fire—an atomic war. That would be worse for the people of the world than any forest fire has ever been for the animals of the forest.

The minister referred to the dynamic power of democracy. Perhaps that is the weakest part of the whole position so far as we are concerned. Of course there is some dynamic power in our love of political democracy and the extent to which we enjoy it. When anyone threatens to take that away from us, we are prepared to fight for it if necessary, and properly so. But that is not much when measured in the light of the whole democratic idea. There is a great dynamic force in the coalbeds of Alberta; but they are not of much use until the coal is actually dug and used to develop energy. Until our democratic principles are actually applied there can be no dynamic force from them. We shall have to dig them up out of the dreams in which we have locked them.

Our democracy is largely one of sentimentalities. If we had a democracy which was vitally active in the economic forces of this country there would be no speeches made in the House of Commons in fear of communism —none whatsoever. It is because we lack that dynamic force that we are afraid of communism. And we are afraid of communism. We might well be, when every effort to release the democratic dynamic is blocked by reaction, and the people are offered instead the sentimentalities of abstract principles.

There is just as much need for democracy in work, democracy in income, democracy in opportunity to work, democracy in opportunity for education, democracy in opportunity to enjoy health, democracy in opportunity for leisure, democracy in opportunity to have a sense of security as there is for democracy at the ballot box. Show me the man who has work to do, work that he likes to do, work which ought to be done in the interests of himself and his community; show me the man who has an income for doing that work

sufficient to meet his requirements of life, show me the man who has his family and his home and who lives comfortably, and who has the opportunity to maintain the health of his family and to give them an education, the man who has a little of the leisure required to enable him to enjoy the better things of life—show me the man who has in addition to these essentials a sense of security, and I will show you a man who can neither be made a communist nor wants to be a communist.

I say our fears of being upset by a thing like that means that we have not the dynamic urge in our boasted democracy. The weak part of it lies just there. While we talk about it, while we are even ready to fight for it, we have not got it. I make a plea for democracy in economics in Canada, and then there would be no need for us to be afraid of communism at any time.

I could spread out that idea and say that if we are careful now not to give hostages to reaction, but to put into operation the economic ideals of democracy between nations, and to give access to the natural resources of the world by making them available for the use of all peoples, if we will follow those economic ideals of democracy we shall have the same success in the international field as I predict in the national.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, a good deal of beautiful idealism has been expressed in this debate. I do not suppose anyone would quarrel with any of the remarks made by the hon. member (Mr. Irvine) who has just taken his seat. He delivered a beautiful speech, full of statements which might mean very much, and might not mean very much—unless we have some idea of how to achieve the objectives he envisaged in the statements he made.

I have listened to the speeches delivered in the hope that someone would tell us how we in in this parliament, we in Canada, ought to proceed in order to be able to attain these beautiful objectives. I have listened most earnestly for someone to tell me just why it is we are in this deplorable state of affairs. I fear I must have been out when any suggestions of the kind to which I have referred were made, because thus far I have not heard one statement which would indicate why we are in the condition in which we find ourselves, or how to get out of it.

I know that for anyone like me to presume to answer questions which have not been touched upon by any of those who have preceded me is, in a way, a somewhat foolish procedure. But sometimes one has to attempt even the foolish. We are all agreed that we are faced with grave danger in the world, everywhere. Every nation is faced with it. We have the danger of global war such as that from which we have just emerged, the danger of slavery which we see rolling upon us like a tidal wave, and of which we see all too much even in our own midst under our present system. We see the danger of starvation which is facing people not only in the devastated countries but even in our own and in the United States. The number of people who right now in our own country are wondering where in the world they will get the money to make ends meet during the next six months reflects no credit upon us.

The general feeling of mankind is one of fear of these dangers, and, as the minister pointed out, a "lack of trust" in everything. Men have ceased to trust themselves: far too many of them have ceased to trust even God.

The general situation which faces us in Canada in so far as we differ from the rest of the world poses for us four questions for which we are all struggling to find an answer. What direction shall we as a nation seek to steer ourselves into? Shall we aim at greater and greater independence as a nation and seek to grow up fast to compete successfully with such giants as the United States? Shall we seek closer co-operation with the other members of the British commonwealth? Shall we drift into absorption in the United States, which the United States seems all too ready to see come about and to help to achieve? Shall we seek submergence in some gigantic, ill defined uncertain entity called the united nations? I think every person in Canada would like very much to have the right answer to those four questions.

Now may we turn from the general situation to seek to discover, if we possibly can, something of the cause of this situation. What is the material immediate cause of this general situation which everywhere prevails? What should be done about it? First, by the world, if we are free to advise the world? Second, by the United States? Third, by the Dominion of Canada? May I now answer briefly the four vital questions which I have raised.

The immediate material cause of the general situation is the United States of America. If you want to know where lies the cause of the distrust in men all over the earth, look to the United States of America—the United States, with her enormous productive potential, with her rich and varied resources, with her large population, with her greater and greater self-sufficiency, with her tremendous

degree of industrialization, with her vast accumulated wealth, but with her faulty domestic distribution.

Notwithstanding the fact that this nation is far wealthier than any other nation that ever existed on the face of the earth, she has as many people per hundred within her borders who are on the verge of starvation and who are filled with dread as we in Canada have. There is something radically wrong with distribution in the United States —the United States, with her gifts to which I have referred; the United States, determined to sell abroad all that she possibly can, but equally determined to buy as little from abroad as she possibly can, particularly of any commodity that she does not especially need; the United States, guided by fallacious principles of trade and finance, and with a grossly misinformed people. I hesitate to put into words my impression of the general standard of knowledge of the people of the United States.

To think that an electorate with so little information, so little understanding of the things that really make or mar the peace and prosperity of mankind is charged with responsibilities such as the United States has been forced to assume by reason of her development through two wars; to think that, is to think oneself onto the border of dismay. To think that uninformed people can turn out of office, and do turn out of office, any public official in the United States, no matter how much knowledge and understanding he may have, fills one with great apprehension indeed. How important it is that such an electorate should be well informed!

When we reflect that the United States, in addition to all these disadvantages, could be controlled by evil schemers deep within the United States administration, then I believe even the most generous, the most charitable, the most conservative of us, must think of the effect there would likely be if a dangerous monster should come to be at large among the settlements of the world.

There will be those, and I fancy the majority of the members of the house and of the country will be among them, who will wonder why I have said what I have about the United States. I say that after due consideration and some study. I say that notwithstanding the fact that I was born in the United States, and I love the United States dearly. But there is no use failing to face the facts as they are. We must be realistic.

What should the nations do about the general situation? First, I would say to those who might happen to be interested, that they must learn the truth about the United States as soon as possible. Everyone should. Second, they should refuse to sign any binding agreement until they know the full truth about the United States and that agreement. Third, they should co-operate with the British commonwealth for mutual protection. Fourth, they should learn with all possible haste the true principles of money, production, distribution and trade. Fifth, they should guard their national sovereignty as they would guard their lives. Sixth, they should become as nearly as possible self-sufficient, and at the earliest possible moment.

I base these bits of counsel upon the reading I have done during the last fifteen years, particularly with relation to the dreadful experiences that men had in the depression and those that led up to the war.

What should be done by the United States about the situation? If there should be in the United States an official generous enough to read these remarks of mine, I offer some suggestions in plain humility and good will and with love. First, reform your monetary system immediately in accordance with the monetary theories of Andrew Jackson and Abraham Lincoln, two of the greatest patriots you ever had, men who were well informed and wise. In other words, implement the principles of your divinely-inspired American constitution as regards currency, coinage and credit. Thus you will be able to replace your debt-financing system with a credit-creating system. Then United States dollars both at home and abroad will correspond with your production and will not depend upon the amount of money you may or may not be able to squeeze out of the taxpayers or borrow from your lending institutions.

Next, revert to the lend-lease or mutual aid system for helping the shattered people of Europe and the dependent neighbours who must for some time look to you for help. In doing this, use debt-free dollars, not dollars which add to the tax burden on your people, do as Abraham Lincoln and Andrew Jackson would have done.

Next, devise a method of internal distribution to raise the living standard of your people to something like the standard which ought to obtain in the richest nation on earth.

Next, adopt in practice and in fact, as well as in theory and in talk, the policy of "live and let live" towards all men everywhere in the world.

Now what should be done by Canada? First of all, become as nearly self-sufficient as possible, and that as soon as possible. This business of depending on people outside for the

necessities of life, such as coal and gasoline and steel and other things you must have, is unsound and must be abandoned if you hope to survive, Canada.

Next, draw closer to the British commonwealth for co-operation and security, developing imperial preferences, and, if the opportunity offers, developing the sterling area of financing.

Next, insist upon guarding your sovereignty over freedom of action. You had all the trouble you could deal with when you were free to choose among all men. What will be your chance to survive if you become restricted at every turn by artificial hindrances which could come as a result of signing ill-considered international treaties?

Next, adopt a system of internal distribution to raise the living standard of your people somewhere near to what it ought to be in a nation capable of producing $3,500 worth of goods and services for every family in 1935, a nation which could produce $11·8 billion worth of goods in 1944, or $900 for every man, woman and child in Canada.

There will be many who will question what I have said with regard to the United States. With your permission, Mr. Speaker, I shall revert to the question whether or not the United States is the main immediate cause of distrust and anxiety.

I have in my hand a volume published in 1929, written by a man named Ludwell Denny. I do not know how good an authority Ludwell Denny is, but all you have to do is read about a hundred pages of his book and notice the documentation in almost every line to be convinced that he needs no degree or high-sounding position to be a man whose words are worth paying attention to. This book is called "America Conquers Britain." So America was at the job of being a menace to the world back in 1929 and has been in the game for years. I judge therefore that I have not been unjust to her. Let me read, from the last page of this book, words which have tremendous meaning, I think, for people in the world today:

> We were Britain's colony once. She will be our colony before she is done; not in name, but in fact. Machines gave Britain power over the world. Now better machines are giving America power over the world and Britain. We are not content with the richest country on earth. Geniuses of mechanical efficiency, we cannot organize an equitable distribution of our national wealth.

That is serious point No. 1. It goes on:

> Instead we exploit nations less rich. There may have been some excuse for Britain on her poor island to go imperialist. There is none for us with a near-continent upon which to thrive. But we are not without cunning. We shall not make Britain's mistake. Too wise to try to govern the world, we shall merely own it. Nothing can stop us. Nothing until our financial empire rots at its heart, as empires have a way of doing. If Britain is foolish enough to fight us, she will go down more quickly, that is all.
>
> Of course American world supremacy is rather horrible to think about—quite unthinkable, as they say of an Anglo-American war. But American supremacy can hardly be worse than British and others gone before. Our weapons are money and machines. But the other nations of the world want money and machines. Our materialism, though not our power, is matched by theirs. That is why our conquest is so easy, so inevitable.
>
> What chance has Britain against America? Or what chance has the world?

There will be those, of course, who will say, why quote the words of this man. But I think every man who reads steadily through the 407 pages in this book will be convinced that in speaking as Mr. Denny does in these closing words he is in no way exaggerating or misleading the world. May I, before leaving the passage, comment on four statements made therein? I will repeat them and then comment:

> . . . we can not organize an equitable distribution of our national wealth.

That is exactly the thing that is wrong with the United States, and that is exactly what makes her such an all-forbidding horror to the world. She does not know how to give her own people the good things she can produce, but she can force them on other nations to destroy their economies and wreck them. Again he says, "But we are not without cunning." Well, Mr. Speaker, that was clearly demonstrated in the Bretton Woods agreement, in the Washington loan agreement, in the united nations charter and in the Geneva trade pacts. It was clearly demonstrated there that she was not without cunning, and that she is determined to use that cunning ruthlessly and unscrupulously. Again:

> Nothing until our financial empire rots at its heart, as empires have a way of doing.

May I make this comment in passing. If it were not for the fact that there is a chance that the financial empire of the United States will rot at an early day, our position in the world might indeed be hopeless. But there is that chance, and who is to say that out of that chance may not grow our greatest hope for freedom and independence in the future?

Finally:

> American supremacy can hardly be worse than British and others gone before.

That statement I challenge head-on, unequivocally. For the British, when they expanded and sold to the world, never refused to accept goods in return. The result was that no matter how deeply the Argentine might go into debt for her railroad, or any other nation go into debt for goods which she bought, she always knew that if she could produce goods and offer

them to Britain, in return Britain would receive the goods in cancellation of the debt. The United States refuses to accept such goods. Therein lies another aspect of the terrible danger which is the United States today.

America wrecked the world in the great depression. There were several fundamental causes of the great depression; with these I should like to deal.

In the first place, the thing that brought on the great depression was the cessation of the American foreign lending which cessation began in real earnest after the middle of 1928. The United States had lent huge sums of money to other nations of the world with which to buy her goods. From these loans other nations obtained dollars with which they bought United States goods which gave the United States markets. When the United States ceased to lend these vast sums, the dollars were no longer available to buy United States goods, and when the United States people were unable to sell their goods, their confidence in their general economic structure fell and the depression came on. Second, the suspension of immense United States expenditures on tourist traffic in Europe in 1928 and 1929; third, the suspension of remittances home by European immigrants in the United States; fourth, the sharp upward revision of the United States tariff, the Hawley-Smoot tariff in 1930; fifth, the adoption of the gold standard by European countries. England, as an example, went back on the gold standard in 1925, committing thereby one of the greatest blunders in her history. Sixth, the tremendous weight of United States economy. The United States production and money income in 1929 were equal to that of all the rest of the world together. Seventh, the fact that the United States banking system began to withdraw money from circulation in the United States until the amount of money in the United States fell from $23 billion in circulation in 1929 to only $15 billion in 1934. Eighth, the fact that the United States knew of no means whereby they could put into the hands of their consumers the purchasing power needed to enable United States consumers to buy the $5 billion a year worth of United States goods which that nation had been selling to European countries in exchange for the money the United States had been providing the European countries with which to buy United States goods.

These eight occurrences, all of them except one, took place within the United States, and were matters over which only the United States had any control whatsoever directly or indirectly. We must therefore consider that the depression was a purely United States affair.

Besides the wreckage resulting from the United States-produced depression, America had already gone far toward destroying the economies of other nations by industrial aggression, as is so well pictured in the book "America Conquers Britain" by Ludwell Denny.

Still some will say: Are you sure now that these statements you have made are accurate? Hon. members will desire to have evidence which will be unimpeachable in respect of these facts. There is a document which I am very happy to have had drawn to my attention; it was prepared in the United States and submitted to the United States administration in 1943. It was issued by the United States Department of Commerce, Jesse H. Jones, Secretary, Bureau of Foreign and Domestic Commerce, O. P. Hopkins, Acting Director, and is entitled "The United States in the World Economy", the international transactions of the United States during the inter-war period; prepared in the international economics and statistics unit by Hal B. Lary and associates, with a foreword by Wayne C. Taylor, Under Secretary of Commerce. I imagine that if there is anything authentic to be found in the world, this document is probably authentic and can be accepted as such. Hon. members will be interested in hearing some of the things which are in the document. It is revealing. In the foreword at page VI the following appears:

> The functioning of the American economy as a whole presents some of the most baffling problems. On the solution of these problems, through maintenance of a high and reasonably stable level of economic activity in the United States, the interests of this country and of other countries are most clearly and indisputably united.
>
> A world economic structure organized on the basis of equal treatment and with large scope for free enterprise cannot be maintained in the face of such reductions in the supply of dollars as have occurred in our international transactions in the past. Unless the supply of dollars is more adequate to meet foreign requirements, other countries will assuredly insist on their rights to exercise a close selective control over the use of the amounts available and to promote more intensive relations with third countries under preferential trading arrangements. Unless dollars are made available with greater regularity than in the past, it would be both unjust and unwise to demand the removal of restraints and controls largely designed to protect the internal economies of other countries against external shock and pressure.

That passage shows completely clearly that what I have said is right. It shows that for

the United States to try to cause the world to sign such a document as the Geneva trade treaty, for example, or the Bretton Woods agreement, is for the United States to commit an outrage. That is exactly what she is doing.

I shall read another paragraph from page V:

> The conclusion that emerges most emphatically from the survey is the fundamental importance of maintaining conditions conducive to a more stable and ample flow of dollars in our transactions with other countries. The most essential of these conditions lies not in the field of foreign economic policy as such but in the attainment of a more fully and more smoothly operating domestic economy—the major determinant of the volume and course of our purchases of foreign goods and services. In addition, a more adequate supply of dollars should entail both a freer flow of imports and a renewed and sounder participation of American capital in international investment.

Then, further down the page:

> It would be tragic indeed if the United States, after a period of renewed full participation in the world economy, were to permit another abrupt fall in the supply of dollars to disturb the recreated international commercial and financial mechanism, whether through increased trade restrictions, through the misbehaviour of foreign investment, or through the improper functioning of the domestic economy.

The more hon. members weigh these statements and the more they read the document from which these statements are extracted the more impressed they will be with the truth of what I have said.

I should like the permission of the house, Mr. Speaker, to put an important section of this document on *Hansard*. Would there be any objection to that? Two and a half pages of this document give the facts which support the statements which I have made.

The ACTING SPEAKER (Mr. Golding): Has the hon. member the permission of the house to put these pages on *Hansard*?

Mr. ST. LAURENT: I have no particular objection, but I think it is a bad practice to be putting on *Hansard* anything but a picture of what has taken place on the floor of the house. I would deprecate seeing that practice extended, and I think the hon. member will agree with me. There are other places where a written report is no picture at all of what goes on on the floor of the house, and I do not think we should move in that direction. The house is usually very generous in extending for a few minutes the time an hon. member requires. If what the hon. gentleman wishes to put on *Hansard* is of sufficient importance, perhaps he will read it.

Mr. BLACKMORE: I am afraid it will take all the time I have and perhaps a little bit more.

Mr. ST. LAURENT: The hon. gentleman realizes he will have to form his own estimate as to which is more important, what he himself has to say, or what he proposes to quote, and he will act accordingly.

Mr. BLACKMORE: I take that to be a refusal of permission for me to put it on *Hansard*. That is unfortunate because, in the words of the writer of the report, it supports the statements which I have made.

Let me say that in my opinion the United States could again wreck the world just as it wrecked the world in 1929. America wrecked the world in 1929 through her domestic policy and her foreign policy. She has not changed her domestic policy: she is still running under the debt system of finance. All her wages enter into cost of production, all her revenues are raised by taxation. She has no system of distributing consumer purchasing power to enable her consumers to consume the nation's production. She depends on foreign trade as the main method of distributing her goods internally. She uses high tariffs.

Under these circumstances she is in just as grave a situation today, just as unstable and undependable as she was in 1928-29. All realistic well-informed people are aware of that and are full of anxiety lest there be another terrible depression. She has made no real improvement in her conditions.

There are striking things which could be adduced but which time will hardly permit, but I should like to read two or three extracts from a statement which appears in the May 1, 1948 number of *Labor*, a prominent United States paper:

> Though the nation is now at the peak of prosperity, many thousands of Americans are "at the brink of starvation." That disclosure highlighted an appalling report issued this week by Oscar R. Ewing, chief of the federal security agency.

Further on:

> "The plight of many of our aged who are no longer able to make ends meet is pitiful in the extreme," Ewing explained.

Still further down:

> "We spend too much, think too much, talk too much and depend too much on our material strength, and meanwhile, at our national peril, we are ignoring our human resources," Ewing warned.

I will quote no more. The quotations show that the United States has not changed her ways.

The American administration in respect of foreign policy is carrying on exactly the same as that which wrecked the world. The American administration is determined to expand trade at all costs, hers or any other nation's. Right after this wonderful report was turned in to his administration, a year later, in 1944, Roosevelt, in a broadcast in the month of October, made the statement: "I intend to find jobs for 60,000,000 Americans by trebling our exports." If United States exports are trebled, where will other nations find places in which to sell their exports. Yet that was an announced policy of that leader of the American administration, and I presume his successor has followed it.

The American administration insists on an unconditional most-favoured-nation clause in spite of the fact that America forced Japan into war by insisting on the most-favoured-nation clause. It seeks to destroy the British preferences. It insists on non-discrimination which renders other nations virtually helpless in obtaining the necessities of life. It insists on the gold standard, and it is opposed to barter.

These facts are illustrated clearly by the Bretton Woods agreement which the American administration browbeat other nations into accepting. The United States administration is determined to wreck sterling, which is the only really modern and essentially expansionist monetary system in the world, a system based on goods and credit and on commercial co-operation among the nations. The United States is determined to substitute its own obsolete monetary theories based on gold and debt and commercial cutthroat competition among the nations.

No remark of any American leader having public confidence in the United States justifies us in hoping that the United States is beginning to understand the causes of war.

The ACTING SPEAKER (Mr. Golding): Order. I must remind the hon. member that his time has expired.

Some hon. MEMBERS: Go on.

Mr. BLACKMORE: If the house is kind enough to endure this a little longer, there are a few more things I should like to say. America gives no evidence of realizing how ruinous have been the policies she has followed. Every move she makes and has made throughout the decade now closing indicates her determination to continue prosecuting policies identical with those that wrecked her, and with her the world, in the great depression.

[Mr. Blackmore.]

Her stand on Bretton Woods indicated failure to understand the facts. I will not read what I have here, but hon. members who desire to read it can find the statement made by Henry Morgenthau at the meeting before they adopted Bretton Woods; they will find it at page V, the first paragraph, wherein appears a declaration indicating the failure of the United States to understand trade realities in any degree.

Her stand on Geneva and the Havana treaties indicates the same attitude entirely, utter failure to appreciate realities in the world at large.

Now the question is: What shall Canada do about it? Shall Canada seek independence, or co-operation with Britain, or absorption into the United States, or subservience completely to the united nations? Just what is involved?

I would say: Let us seek earnestly to change our financial system and our policies with respect to domestic and international affairs. Let us seek co-operation with the British and with other states willing to co-operate with us. Let us seek for greater imperial preferences and greater use of the sterling area.

Let us seek to cultivate and regulate the private enterprise system for production whereby we shall be able to increase production abundantly to supply the needs of our own people and help to support those people of the world who may need our assistance.

As regards the united nations, what shall we do?

The ACTING SPEAKER (Mr. Golding): Order. The hon. member has exhausted his time.

Mr. BLACKMORE: I understood I might have two or three minutes more in which to finish what I have to say.

The ACTING SPEAKER (Mr. Golding): With the consent of the house, but I notice that some hon. members are calling "time," and the hon. member has exceeded his limit.

Mr. FAIR: The last speaker had forty-five minutes without interruption.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I rise to speak on just two phases of the question of external affairs which is now before us. I enter the debate only because, in my view at any rate, I have something to contribute with respect to the two phases of the question to which I shall make reference.

First of all, I wish to say a few words about the move in the direction of western

union, Atlantic union, or a regional association, whatever one may call it. Then I shall say a few words about the rivalry in the world today between communism and western democracy.

With respect to the first of these two questions, I should like to read a paragraph from a speech made in this house on March 26, 1945, as recorded at pages 209 and 210 of *Hansard* of that year. The question before the house at that time had to do with the sending of a Canadian delegation to the San Francisco conference. I quote:

> Let me put it in this way. I feel that there are three fundamental conditions which are basic to the success of a world organization, and I trust that the San Francisco conference will see to it that these three basic conditions are met. First of all, if a world organization is to succeed, it must have authority to enact international law. In the second place, such an organization must have authority to enforce that law. In the third place, it must have the capacity to retain the authority vested in it by the consent of the governed.

I confess, Mr. Speaker, that the paragraph is taken from a speech which I made on that occasion; and without quoting further from it, I may say that I went on to develop each of those three points in a speech every word of which still holds true.

Some might think that one who laid down such high principles as those would be perfectionist in his approach. I made it clear in that speech that, although I was an idealist, I was not a perfectionist. I indicated my belief that government at the international level was the only hope, and I dared to believe that some day mankind would reach that point. But I also said this:

> Our delegation must bring back the best charter they can, but the first consideration is that the delegation bring back to Canada a charter, even if it is not absolutely perfect, for the next parliament of this country to consider, and I trust to ratify.

I wish to make it clear that conditions in the world today do not leave room for mere perfectionism. But they call for idealism, and I feel that we should be reminded from time to time of principles such as those I have just quoted; for, after all, we are not going to have any effective international organization until we achieve those principles.

I should like, however, to apply those principles in a practical way to the situation which is developing at the present time. I am afraid I cannot go along with those who say the united nations has failed and therefore we should throw it overboard completely and launch out on a new program for some other organization in the attempt to achieve world government. Rather, I feel we must try, within the framework of the united nations, to do that, namely, to move in the direction of government at the international level. The position of the party to which I belong is clear in that regard. In a statement on foreign policy which our national council issued recently, we said:

> The C.C.F. reaffirms its belief that steps should be taken to develop the united nations into an effective organ of government at the international level.

As I have already said, I should like us to apply that vision, if you will, or those principles which I have already stated, to the practical situation that is before us at the present time. What we have now is the feeling on the part of the government, and on the part of many other western countries in particular, that we must take advantage of articles 51 and 52 of the charter of the united nations and develop regional associations. I agree. Further, that is the position of the group to which I belong, which has been expressed so well by the recent statement of our national council. I quote again:

> The great strides now being taken toward the economic and political union of the western European democracies are the most encouraging factor in the present world situation. Such regional associations are provided for in the charter of the united nations.

In a moment I am going to read another paragraph from that statement, but before I do so I want to say this. My concern about this move in the direction of regional associations is that we move forward and not backward. If these regional associations are merely military alliances, if they are simply a case of reviving balance-of-power politics, we are receding from the position the world achieved when it adopted the charter of the united nations. But if, on the other hand, in setting up these regional associations, we move forward toward something that approaches government at the international level—at least within any regional association to which we belong—we shall be keeping to the letter the terms of the charter of the united nations and we shall also be bringing into being something better.

I believe it was an hon. member on the government side who said last night that the united nations provided a floor for world relationships, but not a ceiling. In other words, it is our duty to see to it that we do not take any retrograde step, but we are completely free to take a forward step. That indeed is the position of this group with respect to any association of nations that we make within the framework of the united nations as provided

for in articles 51 and 52 of the charter. The position of our party again is clear:

The developing west European union is not, and must not be, a mere military alliance. It provides for close economic co-operation between the member nations, such as the planned use of raw materials and man-power and the formation of a customs union. Canada and the other nations of the British commonwealth should plan their trade and resources to strengthen this union of democracies.

Not only was that point well developed by my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), when he spoke a few days ago in this debate, but the strength of the position that he took has been recognized by the press of this country. I have before me one editorial, but there are many others that have responded to the positive note which the leader of the C.C.F. sought to inject into this debate with respect to this whole question of regional associations. I suggest that hon. members should not take too much for granted about these articles 51 and 52 of the charter without referring to them once in a while. As I read article 51, it seems to me that it provides for nations getting together on a military basis, only in the event of armed attack. In other words, if we are using articles 51 and 52 to develop military alliances that are only military alliances—in the absence of armed attack—we are violating the spirit of the united nations charter. Article 51 of the charter reads in part as follows:

Nothing in the present charter shall impair the inherent right of individual or collective self-defence if an armed attack occurs against a member of the united nations, until the security council has taken the measures necessary to maintain international peace and security.

I need not read the rest because it does not get away from the spirit of that first sentence. On the other hand, although mere military alliances within the framework of the united nations would be against the spirit of the charter, article 52 provides for the kind of thing that we refer to in our C.C.F. national council statement and the positive stand that the leader of this group took the other day. Let me read a part of article 52:

1. Nothing in the present charter precludes the existence of regional arrangements or agencies for dealing with such matters relating to the maintenance of international peace and security as are appropriate for regional action, provided that such arrangements or agencies and their activities are consistent with the purposes and principles of the united nations.

2. The members of the united nations entering into such arrangements or constituting such agencies shall make every effort to achieve pacific settlement of local disputes through such regional arrangements or by such regional agencies before referring them to the security council.

[Mr. Knowles.]

3. The security council shall encourage the development of pacific settlement of local disputes through such regional arrangements or by such regional agencies either on the initiative of the states concerned or by reference from the security council.

Then there are other paragraphs—both in this and succeeding articles—which I shall not take time to read, but they develop the idea that it is wholly in keeping with the charter and principles of the united nations for nations to group themselves together for positive purposes to attain peace and human accord.

Therefore I come back to the paragraph I quoted at the outset of my remarks, from my own speech of March 26, 1945, when I suggested that an effective international organization would have to have the authority to enact international law, authority to enforce that law and the capacity to retain the authority vested in it by the consent of the governed. If, because of present difficulties, we cannot get full implementation of those principles in the united nations at large, I would hope that in any smaller grouping to which Canada is a party we might make a serious effort to achieve the implementation of those principles, looking toward the day when we might extend further the area in which they would apply.

I know there are members in the house who will say that is visionary. But I submit that the people of this country and of the world at large, are looking for their leaders to be men of vision and to take us, not back into the war and misery that power politics and military alliances produced in the past, but forward into some hope of peace on earth and good will amongst men.

I leave that, to turn to the other matter about which I said I wanted to say a few words. I shall pick my words as carefully as I can, because I know how easy it is to be misunderstood when one talks on this subject.

Almost every member who has taken part in the debate—at least all of those who have referred to the conflict between communism and western democracy—have said that the real way to combat communism is for democracy to do a better job. I wholly and completely agree with that view; it is absolutely right. But, Mr. Speaker, I have felt that in the minds of many of those who have made that statement —and some of them have said it in so many words—there has been a smug satisfaction that democracy is doing a better job, and that therefore the battle against the menace of communism is won. It is that smug satisfaction that everything is all right in our society which, I suggest, is one of the greatest dangers at the present time.

Last evening, when my colleague the hon. member for Winnipeg North (Mr. Stewart) was speaking on this matter, he said something to the effect that the worst fifth columns in this country were slums and disease. A member of the group to my right who was sitting near me—and I need not mention his name, because no one will take objection to it—turned to me and said, "Are there no slums in Russia?" I said, "Yes; in fact I have seen them."

That brief conversation which took place right here in the House of Commons, part of which is recorded in *Hansard* and part of which was off the record, points up the very thing I have in mind. We too easily make comparisons between absolute conditions. We are too ready to make comparisons between housing in Canada and housing in the Soviet union, between the clothes we wear in Canada and the clothes worn by the Russian people, between the food we have to eat and the food they eat —between our whole material standard of life and their material standard of life.

I happened to be one of very few members who have had the privilege of visiting the Soviet union. Two years ago I spent a short time in the city of Moscow. I am the one who knows this—and let no one interject it before I say it—that, having been in that country for only eight days, I am not an expert on life in the Soviet union. But I can verify the fact that our economic conditions in this country and the standard of living for the masses of our people are definitely better than those of the people of the Soviet union. So far as I am concerned, hon. members do not need to read books to prove that to me; I have seen it.

To be fair, I must say that in some other phases of life, particularly in the arts, the Russian people are away ahead of us. We do not come near them in the development or enjoyment of the theatre, in all its various branches. They have a culture that is very interesting. I felt, from what I saw, that they are ahead of us at least in the extent to which they make medicine available to their people; and they are ahead of us at least in their eagerness with respect to education.

I am not going to go into those phases of Russian life at greater length. I just wished to say that much to give a fair picture; indeed every time I have talked about my visit to the Soviet union I have tried to report both the black and the white. Every country, indeed, has both. At the present moment, however, we are not discussing those things in respect of which they may have made greater advances than we have. Today I am accepting and verifying the fact that economically, so far as our material standard of life is concerned, we in Canada are definitely ahead of the Soviet union.

The tendency on the part of the people, when they know that, is to sit back smugly and say, "You see, we are delivering the goods better than communism; we are doing a better job and, therefore, *ipso facto,* the battle against communism is won."

The point I wish to make is this, that people do not make comparisons in that way. Our people in the cities, towns and rural sections of this country do not compare their standard of living with the standard of their counterparts in the Soviet union, or vice versa. What the people of Canada do is to compare their standard of living today with what it was a few years ago. What they are interested in is the progress which will be made in Canada within the next few years. Similarly the people in the Soviet union compare their standard of living, not with the better standard in the outside world—which I confess they do not know much about—but with what their conditions were, ten, twenty or thirty years ago, or back in the days of the czarist regime.

The result is that, even with material conditions that are admittedly poor in the Soviet union, one will find there a people who have faith in their regime, and tremendous hope for the future. It is almost a religion with them; you can feel it. One is amazed at their faith when he sees the physical conditions roundabout; but against that faith in the future, despite their poor economic conditions, one has to set on our part a fear of the future, a sense of frustration and a sense of futility and hopelessness in the minds of our people, despite our better conditions. It is because of that I feel there is particular merit in the last paragraph of the statement which the C.C.F. national council prepared, which says:

> The blind fear of another world war must be translated into dynamic social action which will bring to a war-torn and hungry world the bread, the freedom and the peace which are the right of all its peoples.

The Secretary of State for External Affairs (Mr. St. Laurent) said something similar to that in his speech, when he called for the full use of the dynamic of democracy. The hon. member for Cariboo (Mr. Irvine) has pointed out that that must be something more than words. The point I make is this, that when the various parties in the house—whether in the house or out in the country—call for better housing conditions for our people, when we call for plans to take care of the health of our people, when we call for adequate old age security, when we call for democracy in industrial relations, not just begrudgingly giving a

little bit here and there, but democracy to the full; when we do that we are asking for something more than just those things in themselves, we are asking for that which will give our people some sense of hope for the future, some feeling of dynamic interest in the job that we are trying to do in this country, some confidence that we are on the way to better things.

I agree wholly with all of those who have said that the only way to combat communism is for western democracy to produce something better. I agree wholly—and as I have said already I am one of those who, at least to myself, can verify it—with the statement that in terms of material conditions our standards are higher; but I doubt if anyone can gainsay my statement that we have not that sense of dynamic confidence, that sense of hope which is so important if we are to win this battle. The place for it to be won is in our own country, in the minds and hearts of our own people. Our job is here at home; let us get on with it.

When hon. members state their belief that what counts is democracy delivering the goods I call upon them not to follow that up with smug satisfaction that we are already doing that, but rather to put everything that we have into improving our conditions, into giving our people the confidence that next year and five years later and ten years from now things will be just that much better in this country than they are now. Never mind comparisons with absolute conditions in the Soviet union; never mind comparisons with conditions in the United Kingdom or the United States; what counts is the progress we are making here.

I am satisfied that if we will put some real energy into, and show some real vision in connection with, improving our own social conditions, we will build up in our people a faith and confidence that will completely get rid of this fear of the menace of communism that exists today.

I just wanted to talk on these two things. I hope that in the developing of regional associations we will do our best to move on to government at the international level, and I hope that in this struggle against communism we will really strive to solve the social problems that we have here at home. That is our job, let us get on with it.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, I have a few words I should like to say in this present discussion of Canada's position in this complicated world and the foreign policy which this country now holds. I am happy to take part in this debate on foreign policy, because it is a source of satisfaction to me to find such a list of speakers as we have had during the several days of debate on this important subject. I think it shows that we are interested not only in our own local affairs but in the relationship of Canada to the rest of the world and the relationship of other nations of the world to Canada.

Perhaps the reason for this more than usual interest in international affairs is that great world problems are facing us today, problems of such magnitude that to solve them or not to solve them may mean the difference between the survival of our present civilization and the extinction of that civilization from the universe. The solution is not an easy one, as the Secretary of State for External Affairs (Mr. St. Laurent) has already told us.

Most of us who have taken part in this debate I think do so as mere infants, as babes in the woods trying to find our way through the darkness of international complexities. In the face of such problems, our diplomatic statesmen appear to me to be like the little boy who took the clock apart to see what made it tick, only to find that it was impossible to put it together again.

I listened with tremendous interest to the speech made by the minister of external affairs in opening this debate. At the time I thought it could be labelled an historic speech, one of great significance, but I cannot avoid feeling that it was not without its weaknesses. In analysing the minister's speech, I do not believe I could do better than was done last night by one of my colleagues, the hon. member for Vegreville (Mr. Hlynka). He told the house that the position of the government could be set out under eight main headings. I am not going to repeat what he said last night because it was too well done, but I should like to enumerate those headings.

1. There was the announcement by the government of a definite foreign policy.

2. More emphasis had been placed upon Canada's national sovereignty.

3. There was a dispelling of the "one world" dream.

4. The government had taken a definite stand against communism.

5. The re-vitalizing of democracy in Canada.

6. The end of the policy of isolationism.

7. The recognition and a return to a balance-of-power arrangement.

8. Canada's internal and external armed security.

I mention those eight headings which were diagnosed by my hon. friend, and I emphasize that, while these eight headings indicate

the government's present external or foreign policy, the Social Credit group in this house have been advocating these same eight things ever since we came here in the session of 1936. For thirteen years we have been telling the government these things, and at last they are beginning to listen to us. I do not know whether it is the force of our arguments that has brought them to a realization of the truth, or whether it is the force of world events and circumstances. Perhaps I had better say the latter because I want to be as modest as I can. But at least it gives us a little heart and the hope, Mr. Speaker, that eventually the government will adopt some of the other things we have been advocating. Although we have been right throughout all these years, we have been either criticized or smeared or ignored. You see, over the years we just were not quite in style; we were not wearing the political new look, so no one bothered to look at us. But whether we were in style or not does not worry us very much. What we have been advocating over the years may not have been very popular, but I say this, and I trust it will ever remain so, that we would rather be right than popular.

I wish to refer for a few moments to one or two weaknesses which I believe appear in the minister's declaration of April 29 when he opened this debate. It was an historic speech, but any speech, even one by so competent a speaker as the minister himself, will naturally contain some weaknesses. One of its greatest weaknesses was, I believe, that the minister failed to recognize that socialism as a way of life is but a mild form of communism.

An hon. MEMBER: Tut-tut.

Mr. HANSELL: I knew someone would say "tut-tut" but I am going to ask the minister, does he believe there is any difference between ultimate socialism and communism? That is a question I wish he would answer when he closes the debate, if he does so.

I want him to answer another question. If communism ever gets a grip on this country as it did in Czechoslovakia, through what channels will it have to work to accomplish its ends? I say that the only body through which it can work to accomplish its ends is the socialism that is being preached in this country today, and let us make no mistake about that. The only answer that the minister can give to that question is that the only door at present open through which the communists might secure power through constitutional and peaceful means is that door which is being proclaimed as a gospel today in Canada and is known by the self-contradictory term of democratic socialism.

An hon. MEMBER: Oh!

Mr. HANSELL: Those little tut-tuts have changed now to grunts and groans. That is also what I expected.

There is another question I would ask the minister. Should the communists ever gain power in Canada through constitutional and peaceful means, would there be any difference between the social order then in Canada and the social order as it is now in any of the Russian satellite states? I ask that question, because the only difference I can see is that one branch of socialism is preaching, "We will gain our ends by peaceful and constitutional means," and the other is saying or has said in the past, "The only way in which it can be accomplished is by revolution." Of course the Tim Bucks and the Labour Progressive party and those very open institutions which are honest enough to expose themselves and say, "Yes, that is what we once believed," may have changed their tactics and may now be saying, "We do not believe we can accomplish our ends in Canada by a revolution. We would if we could, but we do not believe we can do that now. So we must take some other tack; we must use some other method." Now what method are they going to use except infiltration into our present organizations in this country—and I mean all of them—and by taking the open door of socialism today? That is exactly what happened in Czechoslovakia. We have heard a great deal about the democratic socialism that was being practised there. But it was only the door through which the communists could enter, as they did, and they did it well.

What I am saying, Mr. Speaker, is that we have to be determined in this matter, and we have to speak the truth. We must say we are a democratic country, believing in free institutions, in free enterprise, in individual initiative, in opportunities for the individual to aspire to greater things. Either we believe in that true democracy, or we are going to the left and we believe in opening the door to a communist regime in Canada. We have to say one thing or the other. I say that the minister himself and the government must be very pronounced in this respect.

Let me read a passage from the minister's speech. At page 3441 of *Hansard* he said, referring to Czechoslovakia:

> They were steadily and sturdily rebuilding their economy on a basis of democratic socialism. Yet their liberties have been ruthlessly wiped out by a Soviet-inspired communist fifth column.

There is an indication there; I may be reading an inference in these remarks which is not intended. I do not want to do that. The minister can say it is not there, if he wishes, but in reading it I find an indication that the minister himself believes that there is such a thing as democratic socialism, and that such a thing is an inviting thing for Canadian people to have.

Mr. KNOWLES: Hear, hear.

Mr. HANSELL: The minister goes on to say—

Mr. JAENICKE: What have they in Britain?

Mr. WYLIE: Not very much.

Mr. KNOWLES: Is democratic socialism in Britain an open door to communism?

Mr. HANSELL: It may be. How do we know? Who is going to say?

Mr. GILLIS: The British people.

Mr. KNOWLES: They have said it pretty strongly.

Mr. SPEAKER: Order.

Mr. HANSELL: I will say this, in Great Britain Mr. Attlee and Mr. Bevin have been able to hold the line; that is all. How long they will be able to hold the line I do not know. I will give credit to Mr. Attlee and to Mr. Bevin, but I think you have to understand the British to get this. Mr. Attlee and Mr. Bevin may be socialists; they are, but let me say this: they are Englishmen first and socialists second. I think that is the answer to my hon. friend the member for Winnipeg North Centre.

Mr. KNOWLES: Who is a Canadian first.

Mr. SPEAKER: Order.

Mr. HANSELL: In his speech the minister went on to say this:

> Those in each free nation who love freedom should draw the clear lesson of the tragedy of Czechoslovakia. That lesson is that it is impossible to co-operate with communists. They do not want co-operation. They want domination. Communists will pretend to co-operate with non-communists just so long as it is in their interests to do so.

Then the minister goes on to indicate these things that divide the democratic parties of the free states by whatever names they call themselves, Socialists, Liberals, Catholics, Conservatives, Progressive Conservatives, and he says this:

> . . . are as nothing compared with the gulf that separates them all from the communists.

[Mr. Hansell.]

I have placed a question mark after that statement, because I am saying that in Canada there are forces, disguised, if you please, as very loyal democrats, loyal to the democratic institutions of Canada, who are preaching a false philosophy that is playing into the hands of the communists. These men I call parlour pinks. I named them the other day; I attempted to name them on the floor of this house. May I say this to the minister and to the house: I have no objection to these men having the freedom of discussion. I have no objection to their going out and discussing philosophically and in other ways the advantages of that type of socialism which they preach, even though they use some other terminology to explain it. I have nothing against their doing that. That is their right by virtue of the fact that we live in a democracy; but what I do say is this, when they go out to preach it let them not parade as something else. What we need is enough courage to call the enemy out on open ground and put a plaster on his back so that everyone knows who he is and what he is. Believe me, Mr. Speaker, when you do that, when you trample on somebody's corns someone will holler, and then the old smear machine gets going.

I do not want to refer to personal incidents; I am quite willing to forget them, but when I made that speech in the house the other day and the hon. member for Temiscouata (Mr. Pouliot) put on *Hansard* the list that I did not get unanimous consent to put there, the next day one or two editorials were levelled at us. The Vancouver *News-Herald* exercised its liberty and called me anti-Jew. If that is not part of the smear bund I do not know what it is. There is one thing I will challenge the *News-Herald* or any other paper to do, and that is to look over my record in *Hansard* or on any public platform or at any time during my ministry in my private profession. I will challenge them to look over anything; they can go through my files; they can dig out all my old sermons if they like, and I shall challenge them to find a single, solitary statement that I have ever uttered against our Jewish friends. As a matter of fact, if they take time to do it they will find many a sermon that I preached on their behalf.

I could write to the *News-Herald*, I suppose; but let them go to it; this is a free country, but let these men not be blamed when someone comes out and labels them for what they are. I say to you, Mr. Speaker, there are two classes of people in this country. There are those who love their country for what it is and for what they believe it can be made

into. There are others who love their country for what they can get out of it. What we need in Canada is men in public service who will not be afraid to spot the enemy and tell the people who they are. If they can survive it, all right, but woe betide the day when any man's mouth is going to be shut. They cannot do so today because our laws, in matters of democratic freedom, give a man the right to speak the truth. So they think they will shut his mouth by all sorts of smears. Well, let them go ahead and some of us will take it, but we will spot the enemy and name them, and if they can survive, all right.

Now, Mr. Speaker, my time is going. I got off the track a little bit there and I want to get on to the main track. I believe that the government, in combating this menace, must come clean on this issue in Canada. Let them not say, "We have no use for communism but we should like to see democratic socialism". I say that ultimately there is no difference.

I am not saying that these men are not good men. They are my friends. I am not saying that they are not good men, but what I am talking about is the idealism of what is known as democratic socialism. I say that you can preach against communism, and the communists do not mind that particularly. They have many parlour pinks to do their job for them. You can speak against democratic socialism, if you like. It does not make much difference; it is only a ripple on the water; but you name the birds that are trying to put it over and they will pop up immediately and say, "Oh, but these are very fine citizens".

Well, they may be law-abiding citizens, but that which they are proclaiming is the very antithesis of our democratic way of life, and instead of preserving our free institutions they will open the door for this evil thing to enter. And when the door is open, then it is too late. Let us make no mistake about that.

I now come to the speech of the hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of the socialist party in Canada. I have read it with considerable interest and scrutiny and I say that no communist intellectual could have given a better speech in this house. It is open for any man to analyse. Many terms are used which I believe to be merely oratorical platitudes. Democratic socialism is one. You cannot talk about a planned economy and freedom in the same breath. Let us make sure of that.

It is quite easy to repeat a lot of oratorical platitudes, but let us analyse them. You cannot plan freedom, because the very moment you plan freedom, freedom ceases to be freedom. Freedom is no longer freedom when it must run according to a plan.

Mr. MacINNIS: Why are there so many laws to protect it, then?

Mr. HANSELL: I must ask the hon. member for Rosetown-Biggar one or two questions. I would not be so intent upon this if he had not given his speech in the name of his party and concluded by saying so. Let me quote what he said at page 3456 of *Hansard*:

> But I do not think we should ever forget that the devastated and war-worn people of western Europe have realized that capitalism as we have known it in North America cannot be revived; for the destruction wrought by both war and the nazi regime scuttled capitalist ownerships in Europe, and indeed scuttled it also in parts of Asia.

Then he said we have to remember that no rehabilitation of the war-torn continent of Europe could be undertaken without the generous economic help of the United States.

Well now, if that makes sense to him it does not make sense to me. He wants capitalism, as we know it in North America, to be destroyed in Europe; and yet he said, let us not forget that the same capitalist country is the one that is coming to the aid of the other.

Again, he refers to Greece. When the leader of a party rises and speaks in this house I think he should make suggestions as to what he would do with the present situation, right here and right now. He went over past history. It is all right to say we would have done this a year or two ago and we would not have done that, but what does he want to do right now?

Here we have the situation as it is in Greece. Let me ask him this: If he were sitting on that side of the house would he withdraw support from Greece and permit communism to walk in there and destroy capitalism as it is in Greece? Let him say whether he would or not. Does he prefer communism in Greece to capitalism? If he does, then he would suggest that we withdraw our aid. If he does not, then we had better rush some more aid there, or that is surely what will happen.

He said something similar with reference to China. We have read a good deal about the regime of Chiang Kai-shek, and perhaps it is as bad as we have read. I do not know. We will grant that it is, for the sake of argument. But even though it is, would he withdraw support from China today under present conditions? Let him answer that. He does not answer it.

He makes these statements and they read well to those who never analyse them. Then he goes across the country as though he were some great statesman. My goodness! If he

withdrew support from Greece and China there would be two more nations that would become satellites of Soviet Russia.

Then he speaks of Palestine, and he speaks of it in terms suggesting that the united nations should have had an armed force ready to go there and implement its decisions by force. Very well. Let me ask him this question. Right now, in order to enforce the decision of the united nations in Palestine by putting an army in there, would he recommend that Canada conscript men for that army, or would he recommend that Canada should now put on a recruiting campaign to get forces to augment any force that the united nations might have?

If he is the leader of a party which is bidding for power to run the country, let him make his pronouncement on these three matters.

Now, Mr. Speaker, I want to go a step farther. We have heard much in this debate about the issue between communism and democracy, about the possibility of one world and that possibility fading. We have heard that described. Let us get right down to absolute bedrock, fundamental language. It is all right to use the terminology "communism versus democracy". But the fight is one that involves more than that. Believe me, Mr. Speaker, the fight is between a materialistic atheism that is attempting to take hold of this world and rule God out of His own universe, and the Christian way of free men. That is the issue in the present world's cold war. Make no mistake about that. That is the issue, and we shall never understand it until we think of it in those terms. The forces of evil are not playing around somewhere; they are real. The forces of evil are not out on a midnight spree; they are out to wreck humanity in the process of overthrowing God from the earth which He Himself created. Their whole program being used today is the program of atheistic materialism which most people call communism.

The ACTING SPEAKER (Mr. Golding): The hon. member has exhausted his time.

Mr. HANSELL: I wonder if I could go on until six o'clock? Five minutes is not of much use to anyone.

Some hon. MEMBERS: Go ahead.

The ACTING SPEAKER (Mr. Golding): Order. The hon. member's time is exhausted.

[Mr. Hansell.]

If the house consents to allowing the hon. member to continue, he may do so.

Some hon. MEMBERS: Go ahead.

Mr. HANSELL: I say that is the vital issue. The line of demarcation is becoming more clear-cut all the time. Let us make no mistake about that. I know the Christian forces in the world have perhaps not been alive to the issues. I am a clergyman by profession, but I am quite certain that many clergymen in this country do not know that is the issue. I am confident that if the issue were actually known, such tremendous powers would arise in this country on behalf of the people that they would speak with a voice which was certain and would give new life, new vitality and strength to, shall I say, the all-conquering force of Christianity. The forces of Christianity have largely been rendered impotent. They do not need to be. One thing I am certain of is this. The Christian church is the very embodiment of the life of God Himself that cannot possibly fail. The difficulty is that in eventually succeeding we may find it necessary to go through terrible times of sacrifice, which I believe can be avoided.

I was happy to hear a minister talk about the re-vitalizing of our democracy. I am glad to hear it, but when are we to start? That is the thing. We had better start now. One of the ways of re-vitalizing democracy is to see that people are rendered free from fear of insecurity. I do not want to get on to another issue; but that is one thing which will prove to the rest of the world that a nation can have its economic security with its absolute and optimum freedom—no coercion, no unnecessary controls, none of this procedure that will take men's freedom from them, but one augmenting their freedom with a glorious security that this country is able to give. That is one thing that I think will be the answer to communism; and even that will not stop them; because if communism is what I think it is—and I believe it to be the embodiment of fiendish and evil forces; I am not saying that against men now, because, as I said the other day, men can be fooled into the thing—the communists are out for world domination; and why should they not be? For we wrestle not against flesh and blood but against principalities and powers; against the rulers of the darkness in this world and against spiritual wickedness in high places. May we pray that the glorious victory will be ours.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

RAILWAY ACT

PENSION RIGHTS—BREAKS IN SERVICE FROM CERTAIN CAUSES

Mr. STANLEY KNOWLES (Winnipeg North Centre) moved the second reading of Bill No. 6, to amend the Railway Act.

Mr. SPEAKER: Mr. Knowles moves, seconded by Mr. Castleden, that Bill No. 6 entitled "An act to amend the Railway Act", be now read a second time. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: Carried.

Mr. KNOWLES: Carried.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: Carried.

Mr. BRADETTE: Explain the bill.

Mr. SPEAKER: I shall put the question.

Mr. KNOWLES: Question.

Mr. GILLIS: Question.

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Speaker, I wish to speak upon this bill, if the mover does not.

This is the bill which came before the house once or twice before. I do not know whether there have been some changes in it this year. I do not think so; it seems to be the same as before.

Mr. KNOWLES: It is identical.

Mr. MAYBANK: I thought so. And it has received a considerable amount of approval in a number of quarters. Anything I have said about it in the past by way of approval I now repeat.

Last year, however, a similar bill was referred to the committee on industrial affairs. As I understood it at the time, that procedure was taken by general agreement. It seems to me that what was done last year would be the better course to follow this year. The mover of the bill, and those of his party who were present at that time, felt that that course was satisfactory.

In effect the bill is to remove certain disabilities from men who go on strike. That is not just the way in which it is expressed, but that is about what it comes down to, and I am quite sure that is what the hon. member has in mind in connection with this amendment.

I am not taking exception to the principle embodied in the bill, but perhaps the idea underlying it can best be seen by consideration of the circumstances which have given rise to it. I do not know how many members in the house will recall the very bad industrial war in Winnipeg in the year 1919 which lasted some few months. It came to be known as the Winnipeg general strike. That strike started as an ordinary industrial dispute between certain trade unions and their employers; and perhaps it was the fashion of the day to engage in sympathetic strikes. That sort of thing has occurred from time to time. There is a pattern, of course, in these industrial troubles; and that was the pattern of things at that time.

An hon. MEMBER: Not cricket.

Mr. MAYBANK: Well, I do not know what was meant by that interjection. I thought perhaps the hon. member was offering some criticism respecting those who had engaged in the strike. I realize now, however, that that is not so. I had begun to respond by saying that at this late time, and so far away from the scene, it would scarcely behoove us to express any criticism. I realize now, however, that that is not what the hon. member meant.

At any rate that strike in Winnipeg came to involve nearly all men engaged in what we might call journeymen's work. Indeed, a great many other types of people who are not ordinarily organized in trade unions were likewise in the strike. Everything was paralysed in that city for quite some time.

For the benefit of any who have thought of that as a sort of bloody incident—because I recall at the time that eastern papers reported that the streets out there were running with blood—I should like to remark, for the benefit of any who have harboured any such ideas over the years, that that is entirely wrong.

Mr. HARRIS (Danforth): Name the papers who made that report. I remember it very well.

Mr. MAYBANK: I do not think I can.

Mr. HARRIS (Danforth): I am sure you cannot.

Mr. MAYBANK: I believe, as a matter of fact, reference was to—

Mr. HARRIS (Danforth): Fiction; that is what it is.

Mr. MAYBANK: Well, my hon. friend may take objection to what I have said about papers having made such statements. I feel quite confident my recollection is correct,

although there is always the possibility of its being faulty on that point. There is no need to quarrel about the matter. The hon. member can have his own way, so far as I am concerned.

Mr. HARRIS (Danforth): All right.

Mr. MAYBANK: In any unimportant matter, such as the controversy that he has attempted to institute, he may have his own way; that is, on any unimportant matter.

Mr. HARRIS (Danforth): That was a very important matter.

Mr. MAYBANK: That would appear to be sufficiently unimportant for him to win the argument. He can take such pleasure out of it as he wishes.

I was endeavouring to say, before the hon. member insisted upon interrupting, there was a view at the time that the conditions resulting from this industrial warfare were much worse than they actually were.

At any rate, eventually the strike came to an end and the men were taken back to work. It was a disastrous affair for Winnipeg. The public of that city were divided for many years after. Each person was either a pro-striker or an anti-striker; there did not seem to be any middle ground for the citizens. It was probably not until pretty close to the 1930's that the scars began to heal.

There were men employed by the Canadian National Railways and men employed by the Canadian Pacific Railway Company, those being the two largest employers. There were a great many other fairly large employers of labour, and there were many people employed by the government.

All of these were out on strike. Eventually they were all, or nearly all, taken back to work. Many of these organizations had pension schemes of one kind or another, or else such schemes were instituted afterwards. As time began to heal the scars, these men who came back to work were given the same rights by most employers as if the strike had not taken place. A notable example of fair dealing in this respect was the position taken by the Canadian National Railways. They instituted a pension scheme not long after, and this interruption from work was not counted against the men.

I do not know just what the situation was prior to that with respect to pensions. I fancy there were several different pension schemes, because of the fact that the Canadian National Railways is a sort of conglomeration, anyway. I believe there was a Canadian government pension scheme, a Canadian Northern pension scheme, a Grand Trunk pension scheme, and so on. However, as the house probably knows, a pension scheme has now been instituted to cover all the employees.

This hiatus did not affect the standing of the men. Again the government took the same position with respect to its employees. Most, if not all, employers—in fact I think all—who had superannuation schemes did not count this strike period against their employees.

An exception to the rule was the Canadian Pacific Railway Company. The Canadian Pacific at that time had a voluntary pension scheme. In fact at that time there were not many contributory pension schemes anywhere. It was held that the pension payments by the Canadian Pacific were *ex gratia* payments; there was no contribution of any kind by the employees. That was the position taken by the railroad.

In order to qualify for this so-called gratuitous pension, an employee had to be steadily employed for a certain number of years. Whenever a break in service like this occurred it would wipe out all rights or, as the railroad would have said, all privileges with respect to such a scheme.

Some years later the Canadian Pacific instituted a contributory pension scheme. Men who had taken part in that strike or in any strike were not eligible to count their time from the commencement of employment with the railroad. At the time of the institution of the new pension scheme there was a large number of men who were too old to get into the scheme. By reason of that fact and by reason of the broken period in their employment, they were completely shut out of any possibility of pension.

Hon. members can readily understand, whatever might be the right or wrong of this matter, that a great deal of hardship was imposed on a large number of men. I know men personally who had worked for the Canadian Pacific from away back about the time it started in Winnipeg. There was one man I worked with myself on the railroad who told me that he had worked in Winnipeg on the rails before the connection was actually made across the river from the east. That man was the oldest employee on the railroad and he lost all possible chances of a pension as a result of that strike. I suppose his would be the most outstanding case of hardship, at any rate of any that I know, but there was a large number of such cases.

The men always took the position, and personally I think they took it with justice, that despite the fact that this was not a contributory pension scheme, it was something in which they really had a vested right, because

they found that whenever they undertook to negotiate a wage agreement this pension scheme was brought into the picture and used to offset the demands or requests for wage increases or other changes in conditions of a beneficial nature.

I do not consider it necessary for the purposes of the matter before us to go into the question of whether they were right or wrong, but I have always believed that there was much justice in the position the men took with the idea of having a vested right in this pension. At any rate, they never did get any rights or privileges under the old scheme by reason of having gone on strike. The only ones who could get any rights were those still young enough to enter into the new pension scheme.

As I understand the underlying idea of the bill before us, it had its genesis in the condition of affairs resulting in the Winnipeg general strike. The position in which those Canadian Pacific men were at that time denied them a right in any so-called voluntary or gratuitous pension scheme, as well as in any other pension scheme under which payments for benefits would be made. However, that is hardly necessary to be in the bill, because that would be something in the nature of a contract in any event.

Viewing the situation as I do, I consider it desirable that something should be done to take care of a situation like that, should it arise any time in the future. We cannot do anything for these men of whom I have been speaking. The underlined parts of the bill give an idea of its scope, and if we skip some words it looks as though it would read something like this:

> In the administration of a pension plan dismissal followed by reinstatement will not disqualify a railway employee from any retirement or pension rights or benefits to which he would otherwise be entitled.

The first comment I should like to make in passing is that I do not feel at all sure that what I understand is desired to be effected by the sponsor will be effected by what is written into this bill. In case I am right about that, it would not be too late to get the right words in, because I suppose this could be done in committee. Without going into the matter in detail, it seems to me that the section in the hon. member's proposed law will not do what he desires to have done. I would draw attention to the words I read, "followed by reinstatement". I have the fear that if the phrasing of this law is left as it is now, the result will be re-employment and not reinstatement; in such cases as I have described with respect to Winnipeg or any strike where the men are beaten, it would turn out to be re-employment, not reinstatement. We would be running into law troubles about the exact meaning of the word "reinstatement". In view of the fact that we have at our hands the whole wealth of the English language, any changes that might be made to effectuate what is desired should be made. We should not lightly pass legislation without giving the fullest possible consideration to that aspect of the matter.

There is a further comment I should like to make. I do not think this belongs particularly to the Railway Act; I think it belongs to our general body of labour law. This sort of protection for workmen should exist for those in the shoe industry, the textile industry and so forth, as well as for those in the railroad industry. If that is admitted—and I feel quite certain that anyone who is supporting the idea underlying this bill will admit it—surely it would follow as a natural consequence that the proper place to have this kind of protecting law is in the general labour law of the country. I think we were all agreed on that last year, and it was on that account that the subject matter of a substantially similar bill was referred to the industrial relations committee.

My understanding at that time was that the bill, with whatever changes it was thought should be made in it, would be incorporated in the general labour law. Pursuant to that understanding which existed in the house at that time, it is my recollection that I moved that the bill should not then be read a second time but that the subject matter thereof should be referred to the industrial relations committee for study and report. It is my clear recollection, whatever the motion actually was, that there was an understanding that something of that sort should go into the general labour law, which is where I think this law should be.

I am going to make bold to offer the same resolution this year in the hope that the bill will go to the industrial relations committee for further study there, and if it can be incorporated in the general labour law, I suppose the mover would withdraw his bill. I do not know just what the procedure would be in such a case, but I fancy that something of that sort would take place. Last year when I made my motion it was because I understood it was completely acceptable all round, but from some remarks which have been made I gather that there may be some change in the situation at the present time, and I do not want to move that the subject matter of the bill be referred to the industrial relations committee unless there is pretty general agreement that that is what ought to be done. I think there is only

one way in which to get effective protection of this sort for workmen, and that is by almost complete agreement on whatever reasonable compromise seems necessary under the circumstances. I refrain, therefore, from making the motion now, though that was my intention when I rose. Perhaps some other disposition will be found.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I am very much in favour of the principle of the bill. In answer to what the member for Winnipeg South Centre (Mr. Maybank) has just said, I am inclined to think a reference of the bill to the committee on industrial relations would probably not be of any particular value, owing to the fact that, granted that we did put it in the labour code, it would give no authority over persons other than those who come under the dominion parliament in respect of labour matters. However, that is a technical point. Perhaps if the committee had the bill before it, it might be argued that it should apply to those persons over whom parliament had jurisdiction, such as the railway employees.

I am going to make a suggestion to the mover, to which I hope he will give consideration. May I also say to the house that I think the hon. member for Winnipeg South Centre has given us a full and accurate account of what took place in 1919. I personally know many of these men of whom he spoke and who lost their positions and are now running elevators or doing sit-down jobs. I am not blaming the railways for that. After all, in those days, there was not a fund to which the employees contributed. The whole thing was done purely by the railways themselves, and the men knew they would lose the rights they had if they took the action they did. It is too bad, nevertheless that was the arrangement.

I agree entirely with the view expressed by the hon. member for Winnipeg South Centre, as to the word "reinstatement". I suggest to the mover, the hon. member for Winnipeg North Centre (Mr. Knowles) that "reinstatement" is a big word. I am not going to vote against it or anything like that but I would point out to him that to retain it in the bill would probably be doing an injury to the men who have been discharged, for the very simple reason that certain benefits may follow from their reinstatement which might make the employers very slow to rehire those persons who need rehiring, who need their wages to buy food, and so on. However I am not going to quibble over that.

I think the mover is quite wrong in the next line, which says, "a temporary lay-off on account of reduction of staff"—that is all right

[Mr. Maybank.]

—"or absence due to an industrial dispute, strike or lockout". I think he should add, before the words "strike or lock-out", the word "legal". What I have in mind is this, that he with myself and others are on a committee which is now trying to draft a labour code, and certainly, so far as I am concerned, I want lock-outs and strikes to be declared illegal if they do not follow the conciliation procedure which the Minister of Labour (Mr. Mitchell) has set up and with which we are all in general agreement. In other words, I say this, that a person who engages in illegality of any kind, be he employer or employee, is not entitled to legislative benefits given by the parliament of Canada. I think if my hon. friend will consider that, he will probably agree with me.

Mr. BENTLEY: Would you also put the word "legal" before "lock-out"?

Mr. SMITH (Calgary West): Yes, certainly.

Mr. BENTLEY: Would not an illegal lock-out be very hard on employees?

Mr. SMITH (Calgary West): It would. In other words, I do not want the company to benefit from any illegal lock-out, nor do I want the employees to benefit from any illegal strike. I hope I make myself perfectly clear.

Mr. BENTLEY: Quite.

Mr. SMITH (Calgary West): I carry that further. I am opposed to what is well known as the sympathetic strike and will seek in any and every jurisdiction power to outlaw the sympathetic strike.

We will say that two men opposite own a plant. They have a legitimiate industrial dispute. Two other men across from them own a plant and they have peace; no industrial difficulties about wages, conditions of work or any of these other things. I say it is the antithesis, the opposite, the complete negation of collective bargaining that our people should strike when we have no difficulty. Therefore it comes to this. The sympathetic strike is not a strike against the employer. It is the negation of collective bargaining because we have nothing to strike about; we are at peace; therefore the sympathetic strike becomes a strike against the people of Canada. So far as I am concerned, I intend to try to outlaw it—that is a big, wide word—to make it illegal in every way that I can.

The same thing applies to lock-outs; because, believing as I do in collective bargaining, the minute I admit a sympathetic lock-out or strike I deny the very principle which I have been supporting all my adult life in connection with organized labour. Therefore I sug-

gest to the sponsor of this bill that perhaps he should give it a bit more consideration and add the word "legal". If he does that I shall go with him all the way, because perhaps no one is blameworthy.

Many of us have seen these men who, as the hon. member for Winnipeg South Centre so well put it, just because they had reached a certain age were unable to engage in a contributory scheme, and now they are out in the cold. I know some of them are seventy years of age and so on, and there just is not anything they can do. I am not blaming the railway. Why? Because the railway was *ex gratia*, if you like, giving money to persons who did what?—who observed certain conditions. That is exactly what they were doing. Others, misled, perhaps, did not observe those conditions, and therefore it would have been quite wrong for the railway to have tried to take the pot that they had set up, while there were men still there who were able to share it and enjoy it. You are not taking anything from the railway; you are taking from those men who lived up to their contract and are giving it to those men who did not live up to their contract. I am anxious to support the sponsor of this bill to see to it that such a thing shall never happen again; but I commend to his consideration that the board word "strike" needs some modification and that it should follow the lines that we are now discussing in a bill which is before the industrial relations committee.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, I believe some explanation should be given for the silence of my deskmate, the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. MITCHELL: He has not a cold or laryngitis, has he?

Mr. KNOWLES: It was a surprise, was it not?

Mr. NICHOLSON: I am sure that the fact that he has brought this bill before parliament—

Mr. MAYBANK: The hon. member said the hon. member for Winnipeg South Centre had been silent right after I finished speaking.

Mr. NICHOLSON: I said Winnipeg North Centre. The hon. member for Winnipeg North Centre has performed a valuable public service in bringing this problem before parliament a second time. We appreciate very much the comments made by the hon. member for Calgary West (Mr. Smith). A similar proposal was made a year ago, following which the hon. member for Winnipeg North Centre discussed the question with the responsible union officials and they were of the opinion that, in view of the fact that railway strikes have not been defined, it would not be necessary to make that change. But I am sure that, as far as the hon. member for Winnipeg North Centre is concerned, if the principle of this bill can be accepted and referred to a committee, if it is the considered opinion that the wording should be changed no serious objection would be raised from these quarters.

In view of the fact that it will be seven, eight or nine weeks before this matter can come before parliament again, and in view of the fact that all the ground was covered carefully a year ago, and while there did not seem to be any members of parliament who were opposed to the passage of this bill at that time, yet the bill was killed just as effectively as if hon. members had been opposed to it; therefore, now that the issue is clear and hon. members should be prepared to vote for or against the principle, I should like to move, seconded by the hon. member for Selkirk (Mr. Bryce):

That the question be now put.

Mr. L. PHILIPPE PICARD (Bellechasse): The intention behind this bill has much to commend it to the attention of the house. Last year we had a very interesting discussion on it. I have great respect for the sponsor, and I deeply sympathize with the fact that tonight he did not feel well enough to discuss the bill in the way in which he would like to.

Nobody in this house, Mr. Speaker, would want to contribute in any way to any injustice that might be done to railway employees, whether by his silence or by wanting to hold up the passage of a measure which he considers might be valuable or helpful to the men.

The retirement or pension rights are known and considered by all of us to be most sacred to any workman. They accrue from toil and hard work and are the deserved compensation at the end of a long life in the service of a company. Every workman must be assured that he will be treated fairly and will be given all possible advantages, since it is not a gift that comes to him; it is an earned benefit from his hard work and from his valuable service to a company, because it often happens that he has been with a company for quite a long time. Any man, after such devotion to a company should, of course, be sure that there will be a body of law or by-laws governing the contribution to a pension or a retirement fund and that he shall not be at the mercy or the fancy or maybe

the possible injustice of any official, whether we are considering railway companies or any other companies. A man must be able to look confidently to the future and know that his claims to retirement or pension will be looked into carefully.

When we consider this bill, since the intentions of everybody here must be admittedly favourable to the employees, we find that the wording is the most important matter to be considered, because, through the passage of a bill, the wording of which might not be the one that would give the best benefits to the railway workers, we might be working against them instead of for them. Under such circumstances we might all regret our haste, because in sympathizing with the principle of the matter we might be impairing the interests of the workers themselves. Of course the regulations of the railway companies with respect to retirement funds must be considered when we are dealing with this bill, and in my opinion the bill does not go far enough. I will take the different items one by one.

Personally I know of two cases in which railway employees are concerned. They are cases with which I am familiar, and I do not think the bill as it is actually worded would afford any solution for those two cases, because it would not give me any hope of a solution. It may be that at the moment I am at the mercy of some official's interpretation; but, according to the wording of one of these provisions, the two cases I have in mind would have no legal status at all, and the fact that other cases were mentioned and these left out might work more against them than if they were not mentioned at all, if we were relying on the equity and fairmindedness of the officials who had to decide the question.

In the explanatory notes it is stated:

> The purpose of this amendment is to make it perfectly clear that the pension rights of railway employees, "provided such other conditions as are laid down in railway pension plans are met, cannot be lost or abrogated because of a break in service for any of the reasons indicated in the proviso which is added to paragraph (c)".

To this I do not think anyone has any objection whatsoever, and I believe the suggestion made some time ago by the hon. member for Winnipeg South Centre (Mr. Maybank) is quite valuable, that there should be included in our labour laws generally such principles as would govern rules and by-laws with respect to pension or retirement funds.

Is this the place where we should put them? It might be, if we were satisfied that the wording is precisely that which would accomplish

the result desired, but at the moment I doubt it. I will come more particularly to paragraph (c) itself; but, so far as the principle itself is concerned, I think everyone agrees that it would be better to have it in the general body of our labour laws so that it would govern labour at large, and that principle should be adopted, not in the language of this bill, the general intent of which is expressed in the explanatory notes.

As regards the wording, I do not think I would be doing my duty to the workmen, some of whom I know personally, if I endorsed it as it stands.

Paragraph (c) comes under the general powers granted to the directors to run the company, and what we are doing now is dealing with a paragraph of a section extending those powers. Section 122 provides:

> The directors may make by-laws or pass resolutions, from time to time, not inconsistent with law, for
>
> (a) the management and disposition of the stock, property, business and affairs of the company;
>
> (b) the appointment of all officers, servants and artificers, and the prescribing of their respective duties and the compensation to be made therefor; and
>
> (c) the retirement of such of said officers and servants, on such terms as to an annual allowance or otherwise, as in each case the directors, in the interest of the company's service, and under the circumstances, consider just and reasonable.

Now here comes the amendment, the body of the bill:

> Provided that in the administration of any railway retirement or pension plan, leave of absence,—

We are all agreed that this would be quite acceptable.

> —suspension,—

That would also be acceptable.

> —dismissal followed by reinstatement . . .

That is the point I had in mind when I said a moment ago that in my opinion the bill did not go far enough. I have in mind a case under the authorities of the Canadian National Railways of an employee who has given thirty-eight or thirty-nine years of faithful service to the company as a conductor on freight trains. This man has had a perfect record. He has had no trouble at all and there have been no complaints against him, no marks against his record. After thirty-nine years of service he is transferred to a passenger train.

This man has never handled public moneys before. He has had a fair salary but with a large family he has had many obligations, and of course a man may be weak at any age. He commits an irregularity of some sort, but

so far as the amount is concerned it is negligible. However, the inspectors discover it and shortly afterwards the man is dismissed. He had been exactly three and one-half months as a passenger train conductor. The investigation showed that the amount involved was not $10, but the man was first suspended and soon afterwards dismissed.

After thirty-nine years of satisfactory service as a freight train conductor, in consequence of this error, which I do not wish to condone or to suggest should be overlooked, he is deprived of any pension or retirement benefits, according to certain rules of the company. He is thrown out. He is given no compensation whatever for his thirty-nine years of faithful service. That is in accordance with a company by-law and I am not criticizing it, but this dismissal may not be followed by a reinstatement.

I understand that at the present time under the by-laws of the company there can be an appeal for mercy to the authorities of the company with a view to securing from them some sort of benefit for the many years of service rendered. The man has no legal rights, but the matter can be argued in equity.

If we state definitely that no railway employee shall be disqualified from any retirement or pension rights or benefits to which he would otherwise be entitled "if his dismissal is followed by reinstatement," we may defeat our own purpose. In this case I mentioned, as well as in others where the amount involved is small, where a man may have made a mistake at the end of a long period of service he will not be reinstated. It might be said that the fact that we put this condition in might hurt a large number of people. This is not an isolated case. If we definitely put in the words "dismissal followed by reinstatement", we may be hurting a man's chance on a point of equity, because parliament has stated that the condition shall be "dismissal followed by reinstatement."

As an hon. member said a moment ago, even in a case when it would be possible to reinstate a man, do you not think that it would work against him and that he would not be reinstated? In cases like this I think these words, although well intentioned, would not serve the purpose for which they were intended, but would rather work against it.

I have just quoted one case. Another case I have in mind does not concern the mishandling of funds. A man who has served about six, seven or eight years with the company, goes to war and after four years comes back. One day he has a mishap on the railway; he is perfectly sober; everything is perfect in his case. An investigation takes place and the man is not dismissed. Some time later the head office of his company wants a definite report. The employee is seen walking back and forth near the offices of the company waiting for some other employee. It is not his day on duty; he is off duty. Somebody tells him that the superintendent, or whoever it is, wants to see him. The man goes up and the superintendent who, it is assumed, does not like him very well, talks to him and says, "You took a drink." The man says, "No." A doctor is called immediately to examine the man. The doctor states that the man has had some liquor, but that he was in a condition to handle a train; however, it was his day off. Although this did not happen while he was in service, he was dismissed from the company. I do not want to excuse him for doing that, but he would probably not get reinstatement or at least there would be considerable difficulty in obtaining it.

All these cases to me fall under this simple rule that if the condition is not mentioned, there would be a better chance to appeal for mercy. But if the act says, "dismissal followed by reinstatement," although I may be wrong, I feel it would hurt my two cases.

We now come to the fourth condition, "absence due to an industrial dispute, strike or lock-out." With that I am in sympathy, provided that the strike is a legal one and provided that the strike is not one of those foolhardy affairs which may have happened at times in Canadian industry. That is no reflection on any labour leader, but these things happen.

Someone mentioned some time ago sympathy strikes or jurisdictional strikes. Should we leave the door open for, shall I say, any agitator to come into a railway union and be permitted, without any fear of losing any of his rights, to excite the men and not to have a sense of his responsibility; and in addition to that, not taking any chance of losing any benefits? I think the wording there also is too broad.

A moment ago I said that I did not think the wording went far enough. I think this one goes too far. It says "or absence due to an industrial dispute, strike or lock-out." There should be a qualification to this. With that in mind, I think there should be some way of having such a bill as this, or the principle of it, referred at one time or another to a committee so that it may be carefully considered. The trouble is that, under our present system of just having one hour a week for public bills of private members, we do not have a proper opportunity for discussing the full merits of a question like this. Everyone is anxious and is looking at the speaker with the hope that he may try to finish.

Mr. GILLIS: The hon. member has one minute to go.

Mr. PICARD: That is why so many members here in the house would not want to speak. We talk for weeks on wheat, and the question could be just as comfortably dealt with in less time with less talk.

Mr. KNOWLES: Question.

Mr. PICARD: This is a most important question. It is not one that should be pressed to a vote at a moment like this, nor should we be anxious to watch the clock and say which way we shall vote tonight.

Mr. GILLIS: Half a minute to go.

Mr. PICARD: Every member should have a right to speak on a question like this.

Mr. SPEAKER: Order. The hour reserved for public bills having expired, the house will revert to the business being dealt with before six o'clock.

Mr. GILLIS: Talked out again.

SUPPLY

EXTERNAL AFFAIRS

The house resumed consideration of the motion of Mr. Abbott for committee of supply.

Mr. W. GARFIELD CASE (Grey North): I am sure, Mr. Speaker, we listened with a great deal of interest to the declaration of policy and the far-reaching address presented to this House of Commons by the Secretary of State for External Affairs (Mr. St. Laurent). I think it is a time when we can afford to reflect, take stock and seek to appreciate, if we can, the position Canada has assumed as a result of the minister's pronouncement. A declaration of policy is not enough. More is required. In other words, it is easy to make a statement of policy, but if we fail to indicate to those to whom we may become obligated the means we intend to employ to give effect to that policy, then we have only partly completed the job.

This afternoon we listened with interest to the hon. member for Macleod (Mr. Hansell); and with much that he had to say I am in complete agreement. What I have to say to you now, Mr. Speaker, is said with the kindliest feeling toward those who may be just as sincere in their outlook as I am; but Canada faces a serious situation. I can say this, that no one could believe in communism who does not believe in socialism. In other words, socialism is the handmaiden of communism. While we have had declarations from our socialist friends, nevertheless they are a fair target, for this very thing we have reason to believe can undermine confidence in our own institutions. Both socialism and communism are destructive in their outlook.

Mr. NICHOLSON: You know better than that.

Mr. CASE: Both advocate the destruction of capitalism; both advocate state ownership and state control. As a matter of fact, I shall be pleased to listen to the hon. member tell me the difference between socialism and communism. So far as I am concerned, there is absolutely no difference, except in the approach —the means to the end. The end result will be exactly the same.

If we ever arrive at the place where we have a socialist form of government, then the next step will be communism. That has followed all down through the ages.

Mr. CASTLEDEN: Like Great Britain?

Mr. CASE: I am not so sure but that Britain is rather vulnerable today, if it were not for the fact that those who have been leading the British government now, in a sense, appreciate the errors of their ways, and are seeking to purge their party of those communistic elements and doctrines. I should be inclined to feel that the situation would be serious for Britain, if that were not so.

Mrs. STRUM: Would the hon. member permit a question?

Mr. CASE: I might be glad to listen.

Mrs. STRUM: I think the statement just made should be challenged. Would the hon. member consider the socialist government in New Zealand, which has now been in power for thirteen years, and has been given a fair test as a member of the commonwealth; and we will recall that the hon. member has just said there is no difference between communism and socialism. Would the hon. member say that New Zealand is communist today?

Mr. CASE: I would say that the New Zealand government is a socialist government, and it has had a very bad effect upon the whole economy of New Zealand.

Mrs. STRUM: But would you say it is communist?

Mr. CASE: As a matter of fact, it has hampered the development of that sister dominion, and many people have left, just

the same as scores of people will leave Saskatchewan rather than live under the socialist government there.

Mrs. STRUM: Would the hon. member please give the figures to prove that statement.

Mr. CASE: Just listen to some of the remarks being made by Mr. Jolliffe, leader of the socialist party in Ontario, where he refers to Blackwell's blacklegs, which is not anything more or less than the method employed by the communist party to undermine confidence in our domestic institutions, and in law and order. And if you want to go farther, just follow through and listen to the words of responsible leaders of that party. For instance, Mr. Winch, leader of the C.C.F. socialist party in British Columbia, says that this is not a reform party, but that it is a militant socialist party, and must remain a militant socialist party.

So my suggestion is this—because I at least have some confidence in the people I rub shoulders with; and I have made C.C.F. friends in the house—that if they really are sincere and have regard for the future of Canada, if they have confidence in the future of this country, and if they realize, as I do, that at the present time we stand on the threshold of one of the greatest developments we have ever had, they should take time by the forelock and join the Liberal party. They will become the left wing of the Liberal party or the more radical element of that party.

But if they remain a socialist party, then I say to my hon. friends, that the communist party will undoubtedly destroy you; because only by the methods which you advocate can they hope to set up in this country a communist government. I do not blame the socialists for denying the communists. There is very good reason why Tim Buck and his fellow travellers are urging everyone to support the C.C.F. candidates in the present campaign.

And so I say that the C.C.F. socialists are most vulnerable at the present time. As part of her foreign policy, Canada has opened her doors to thousands of newcomers. They will come to Canada and become part of the citizenry of this great commonwealth. On Saturday last I was in the Union station at Toronto at the time of the arrival of a group of displaced persons. I could not help feeling that there was a duty to be performed. Although there were some there to greet them, I could not help feeling, as they milled about in the rotunda of the station, seeking some sense of direction, that other arrangements could easily have been made. There could have been someone on hand who could have greeted them, someone who could have worn a badge, someone whom I might have approached in order to learn from where these people had come, and with whom I could have joined in extending a greeting to them.

After all, I suppose one of the chief reasons why the United States has become great is the fact that the people of that country have been great nationalizers. We have had people come to Canada, but we have not been good nationalizers. I could not help comparing the naturalization courts in Canada with those of the United States. When a citizen there takes the oath of allegiance, and becomes a naturalized citizen, one of the Daughters of the American Revolution steps forward and pins an American flag on the lapel of his coat. Inquiries are made about his family and their whereabouts, and calls are made on such new citizens. And the United States has become a great cosmopolitan nation.

I thought a word of greeting to those newcomers, some effort to welcome them, would have been proper. There were many fine-looking young men with a gleam in their eye, indicative of the fact that they had arrived in a great and free country at last, about which they had heard so much.

I thought it would have been well to have had placards, something the same as those used when welcoming our troops back home. Those placards would have been placed at ports of entry and in larger centres, such as union stations and other dispersal points. They could have been printed in the language of the newcomers, and could indicate that the greatest security these people might expect to enjoy would be to learn as quickly as possible the official languages of this country, and to learn something about our great institutions; because those newcomers are a fair mark for the subversive elements referred to at some length by the minister and subsequent speakers.

I say the challenge to Canadians today is to make good citizens of those newcomers. They will play their full part in this land of opportunity. They have come here properly advised, knowing that we offer them an opportunity to assume their responsibilities as citizens and to play their part in the march of progress, if they are willing to work. They will be permitted to build their own homes and to accept the full obligations of citizenship. If we offer those things, then I believe the future has much in

store for Canada and for Canadians. We owe this not only to Canadian but to world society.

I believe we can afford to become somewhat more conscious of being Canadians. I think we should be more proud of our own community, our provinces and our great dominion.

Mrs. STRUM: All socialist.

Mr. CASE: We have much to be proud of. We are part and parcel of an empire which has played a great part in the onward march of civilization.

Mrs. STRUM: You are going to have to move out.

Mr. CASE: I am going to say to my hon. friend, the lady member, that if a socialist government were elected in Canada I would be one of those who would be the first to recognize that the people had spoken in a democratic way. But by the same democratic process I am going to lend my voice and influence and do all I can to prevent that sort of thing from coming about in Canada.

An hon. MEMBER: How?

Mr. CASE: Well, one method that could be employed is to seek to make known to newcomers and Canadians as well, those institutions that we have which guarantee to us that sense of freedom and security which is not found under any other system of government in the whole wide world. Capitalism and democracy have their weaknesses, but the thing that impresses me most is that some propagandists, those who seek to destroy this system and to introduce a new system, have themselves enjoyed all the advantages of the system they are seeking to destroy.

Under this system we have a higher standard of living than that of any other country in the whole world. You can make comparisons with the United States of America if you care to, but when you get into the deep south or the central states you will find that, on balance, Canadians generally enjoy a higher standard of living. We have more automobiles; we have radios and telephones, and yet there are those who would rob our people of their initiative, the greatest asset that they possess, their pride in themselves, and would delegate to some central authority the responsibility of guaranteeing their future economic security.

Man's greatest security is his faith in God and his confidence in himself. This country with its vast expanse of territory offers a tremendous challenge. People cannot all come here and flock to the large centres to live in the bright lights; they must be prepared to roll back our frontiers, to accept the challenge, to make their way in this land of ours.

[Mr. Case.]

Mrs. STRUM: Where are the homesteads?

Mr. CASE: I had a homestead myself.

Mrs. STRUM: Where are they now?

Mr. BRYCE: You never stayed on it.

Mr. CASE: I had it for quite a long time. I look back at that as being one of the most cherished experiences in my life. I have always felt that the forces which seek to hold you back are the very forces which draw out the best in man. When you get things the easy way you never appreciate the reward which comes only through adversity and hard work.

We can make comparison between daylight and darkness or between winter and summer, because we have the opportunity to appreciate those things, but Canadians have not been able to or have not had to make a comparison between freedom and oppression. We have always had our freedom and it is the most cherished possession we shall ever have. Very often we treat it too lightly. I think our strength lies in our ability, not only to govern ourselves but to play a part in world government, particularly within the British commonwealth of nations. Their methods and systems of government are in common with ours.

I spoke in the beginning about our declaration of foreign policy and I suggested that it carried with it an obligation. We are one of the signatories to the united nations pact, and along with others we have agreed to go to the assistance and defence of any nation which may be attacked. I consider that the hon. member for Macleod (Mr. Hansell) did a fine job this afternoon. I was anxious to learn what formula the government proposes to use in order that we may honour our obligation.

Surely we are not going to drift along until the fatal day comes when we shall be faced with the responsibility of our obligation to meet a challenge wholly unprepared. In other words, the speech of the minister was a clear challenge and a ringing declaration, but it must be supported by some show of strength. I do not feel that Canada could put on an exhibition which would frighten anyone particularly, but we have the resources to meet the issue in part. With our vast expanse of territory and our far-flung frontiers, it would be almost impossible with our limited population properly to guard against possible invasion. But there is a method which we could employ and which I would recommend to the government.

I believe that if we were to address ourselves to one particular arm of the service we

could seek to make it as nearly perfect as possible. We have at hand the resourcefulness of the young men who served in a particular branch of the armed services during the war. We could make a tremendous contribution, not only to the defence of our own land but on behalf of the others with whom we have joined in a common obligation. I refer to the ability we have to build up a substantial and sizeable air force. Such an air force could be the eyes of Canada; it could cover our vast expanses of territory, and we would constantly know what was taking place, even in our hinterlands.

While we may feel that we are not large in number, I think we have that sense of responsibility to guard our country and to train our people to defend themselves. The art of self-defence lends a sense of confidence to anyone, because it is only in knowing how to defend yourself that you may survive. It is not my intention to detain the house at great length, but I wanted to make these observations. the challenge and to accept our full share of responsibility within the limits of our ability to meet them.

I should like to offer encouragement to the C.C.F. socialist party who in my opinion are sincere in seeking to hold off the inroads of communism. I ask them to think seriously and carefully before that disruptive force overwhelms them, before whatever contribution they seek to make will be lost. After all, every idea is worth something. There is much to be gained from ideas. If we exchange ideas we are always richer. I am one who always listens to the voice of reason. I respect other people's opinions even though I act on my own. In the main I believe that the opportunity is here.

There has been no voice raised in opposition to the minister's pronouncement of policy. I think it is a great tribute to the common sense of Canadians and to this House of Commons. In meeting that one main challenge, we are on common ground, determined to play our part with credit and honour to ourselves and with distinction to those who are responsible for formulating policy. I hope we shall always be as closely agreed on foreign policy as we are at this moment. As a matter of fact, Canada is entering a new field, breaking new ground in foreign policy. In days gone by, when the holocaust broke and we were actually engaged in conflict, it was part of our duty to lend aid and we were more or less advised what was required of us. But now we have representation on the councils of the world where we can have some appreciation of what is taking place and guide and govern ourselves accordingly. Come what may, let us be proud and prepared to meet the challenge and to accept our full share of responsibility within the limits of our ability to meet it.

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I listened with a great deal of interest to the Secretary of State for External Affairs (Mr. St. Laurent), who placed before the house a comprehensive picture of what the government visualizes in foreign relations for some time to come. The hon. member for Rosetown-Biggar (Mr. Coldwell) also placed fairly and squarely before the house and the people of this country the position of the C.C.F. group, leaving very little unsaid. But during the last day or two, and particularly today, the debate has taken a different turn, and in my opinion some of the things that have been said require clarification. I shall deal with them briefly and say what I feel about the world of the future and the part that Canada will be expected to play in it.

I wish to refer to what the hon. member for Macleod (Mr. Hansell) said this afternoon, and the hon. member for Grey North (Mr. Case) a few moments ago said that he agreed with what the hon. member for Macleod had placed on the record. I noticed that his party applaused en bloc what the hon. member for Macleod had to say. Personally I do not think the hon. member for Macleod did himself justice this afternoon, nor do I think the hon. member for Grey North did himself justice, in characterizing the social democratic movements of the world as being exactly the same as the communist totalitarian machine that Russia is operating at the present time. That is giving to the house and the country a completely wrong picture and doing a disservice to the people of Canada in the field of foreign relations because, whether they like it or not, the old machine that they are trying to ride, that machine of capitalism as it existed before the war, and the thing they call free enterprise and talk so much about, no longer exists. They apparently fail to realize that in the world of the future the government of Canada in the field of foreign relations will have to deal with a world that has gone socialist, whether we like it or not, and the mechanics of society in this country will accordingly have to be brought up to date.

The talk in which my two hon. friends indulged is not new, but it is dangerous if they are interested in the Canada of the future. They have not learned very much since 1939. In that respect they are following the party line which they took in 1939. I look back over the record and find that, while they

denounced communism because it is totalitarian and takes away from us the freedoms we have developed and enjoy, they are not so averse to another kind of dictatorship. That was indicated by a speech made in this house in September, 1939, by the then leader of the Conservative party, a man now deceased. He talked exactly as the hon. member for Grey North talked a few moments ago. Let us see what he had to say about totalitarianism at that time as exemplified by Mr. Hitler, against whom we went to war. It will be found on page 14 of *Hansard* of September 8, 1939, in the special war session:

> But, sir, Germany is controlled at the present time by an unscrupulous egoist. It is true he served Germany well, and had he stopped at a certain point he might well have gone down into history as a great German hero. He raised the German people from discouragement, gave them back their pride after a just but humiliating defeat. Had he stopped there he would have been accepted perhaps by all the world as a German hero. But he did not stop there.

That was in 1939 after Hitler had taken from the people of Germany every last semblance of rights and freedoms as we understand them.

Mr. SKEY: Under national socialism.

Mr. GILLIS: That was the policy of your leader in this house at that time, when he eulogized that particular person. They were not afraid of that kind of totalitarianism, and I warn my hon. friends to my right that the only time I shall be afraid of communism in Canada is when, if ever, the people of Canada should elect a Tory government with that kind of outlook which was the party line in 1939.

Mr. LENNARD: What was your line?

Mr. GILLIS: I will tell you before I get through. This afternoon the hon. member for Macleod said that Britain today was in danger, that the road to communism was through the socialist movement and that Britain today was vulnerable. The hon. member for Grey North agrees with that and he repeated it. Let us take a look at Britain as it was in 1937 and 1938. Who built that fascist machine with which we had to go to war? The Tories of Britain.

Some hon. MEMBERS: No.

An hon. MEMBER: Absolute nonsense.

Mr. GILLIS: This is from Sir Nevile Henderson's book, "The Failure of a Mission". This is your own people talking, not the socialists. He was sent to Germany in 1937 or 1938 to make a last attempt to appease Hitler. This is what he had to say in his book that was printed during the war:

> Nor are all dictatorships even if prolonged, reprehensible . . . One cannot, just because he is a dictator, refuse to admit the great services which Signor Mussolini has rendered to Italy; nor would the world have failed to acclaim Hitler as a great German if he had known when and where to stop; if, for instance, after Munich and the Nuremberg decrees for the Jews.

That was his reaction.

Mr. MacINNIS: That was the Tory line.

Mr. GILLIS: Yes, in Britain at that time, definitely; and it was quite all right if, after Munich, Hitler had stopped; the Tories of Britain would have acclaimed him as a great hero. Today Britain still retains democracy. My contention is—and I think the people of Britain knew it—that if a Tory government had been in power for six months or a year after the termination of the war, Britain would have gone through a violent revolution, and all we know in the British empire and try to retain in the way of freedom would have gone with it. The people of Britain knew that. Eleven million Englishmen who went through the war went to the ballot boxes and in their own way changed the government to one which would not only retain the freedoms that they had but purge the system of all its evils and expand democracy. That is what is going on in Britain, but my hon. friends would not understand it.

Some hon. MEMBERS: Oh, oh.

Mr. GILLIS: Let me quote another little bit of something from a paper that is not socialist. Stop and ponder this for a moment. This is taken from the New York *Herald-Tribune* of February 9, 1948, and reads as follows.

> The true allies of democracy in Europe are the socialist parties. They alone give us any hope for the preservation of personal liberty. We have systematically despised and underestimated them, just because we do not want socialism here at home. We have never taken the trouble to understand the historical development of these parties. They alone are capable of forming strong democratic states, and if they perish the hope of democracy will perish with them.

This is not a socialist paper. This is an absolutely true statement.

Mr. LENNARD: Who wrote that?

Mr. GILLIS: It is an editorial from the New York *Herald Tribune*.

Mr. SKEY: Who wrote it?

Mr. GILLIS: It is true, may I say to my hon. friend.

An hon. MEMBER: It was not George Drew?

Mr. GILLIS: No, it was not George Drew. When you talk about rights, freedom, hopes and aspirations, let me ask you this question. The hon. member for Lake Centre (Mr. Diefenbaker) in the House of Commons in season and out of season has been advocating a bill of rights, something written into the laws of Canada that would guarantee certain liberties to everybody in this country. The government of Saskatchewan, which is a socialist government, has a provincial bill of rights. The C.C.F. group in the legislature of Ontario placed that same bill before that legislature, the bill that was so strongly advocated by the hon. member for Lake Centre, and the Tories in Ontario threw it out. How do you reconcile that?

An hon. MEMBER: We do not need it here.

Mr. GILLIS: You cannot have it both ways; you cannot stand up in the House of Commons and wave your arms about rights and freedoms because you are on this side of the house and deny the same things in a legislature where you have the power to put it through.

The only government in Canada that has given the people a bill of rights is the Saskatchewan government, which happens to be a socialist government.

Mr. CARDIFF: Talk about foreign policy for a while.

Mr. GILLIS: I am going to talk about it. I am answering the arguments that you fellows brought out and I am suggesting to my hon. friends over here that they study their history a little farther back than 1945 and read something besides "Social Suicide" written by Mr. Trestrail, because that information is not accurate and is not up to date. You are badly out on your history. I am warning the Canadian people now, and I am doing it in all sincerity, that unless they get behind the united nations there will be trouble. I ask them to recognize the fact that the old machine of private enterprise, that they are trying to hang on to, is gone, whether they like it or not, and they cannot bring it back.

You talk about controls; you say you do not want any controls. What have you today in this country in the way of controls? You have irresponsible controls behind the scenes by people who are not responsible to anyone in this country. For example, I wonder how many hon. members are aware that 95 per cent of the banking and investment assets are controlled by 183 directors of the chartered banks in Canada, and that all of your economic processes are tied up there. Is there any control there? Why, certainly there is control there. Do hon. members remember the statement made by the former Minister of Finance in this house, who is also a free enterpriser and now Minister of Justice (Mr. Ilsley), in which he pointed out that price controls in this country had saved for the people $12.50 for every dollar spent on them. Who is getting that money today? Canada Packers, International Nickel, Dominion Steel and Coal, and some others. Let us have a look at this question.

The ACTING SPEAKER (Mr. Golding): Order. I hope the hon. member will deal with the question before the house.

Mr. COLDWELL: This is a motion to go into supply.

The ACTING SPEAKER (Mr. Golding): The house has been dealing with foreign affairs.

Mr. ST. LAURENT: This is a motion to go into supply, but we are now discussing the foreign policy of the government. It is true that, on going into supply, many questions can be discussed, but they have to be disposed of one after the other. If the hon. member wishes to discuss something that does not arise out of the debate there will be an opportunity of doing so, but this part of the debate should be concluded first.

Mr. GILLIS: Mr. Speaker, I sat here this afternoon and listened to the hon. member for Macleod (Mr. Hansell) make a forty-five minute speech on the very things that I am now answering. I would not be mentioning those things tonight had he not been permitted to do what he did this afternoon. The hon. member for Grey North (Mr. Case) did exactly the same thing tonight and I am merely putting the record straight.

Mr. CASE: I merely commented.

Mr. GILLIS: In addition to that, the answers I am now giving dovetail into Canada's foreign policy, because, apart from Canada and the United States, the government will have to deal with socialist governments whether they like it or not, and they might as well begin to understand that. If Canada is to develop relations with other countries which have different forms of government, then she had better stop calling them communist totalitarian machines and the handmaidens of Soviet Russia. That kind of thing

in the House of Commons is irresponsible and should not be permitted, and somebody on the government side of the house should straighten out the matter.

For the remainder of my time I am going to deal with the subject matter before the house.

Mr. ST. LAURENT: Hear, hear.

An hon. MEMBER: Superman.

Mr. BURTON: They do not like their own potatoes.

Mr. GILLIS: With regard to foreign relations, as I listened to the discussion in the house I noticed a tendency right across the country, and particularly from some sections of the house, to divide the world into two camps.

Mr. COCKERAM: The hon. member is not trying to do that.

Mr. GILLIS: No, I am not. It is not true; it is not realistic. That attitude suggests that there is no choice for the people of this world except to follow blindly the lead of the United States, or, on the other hand, if you agree with the policy of the United States government you are a fascist and you must line yourself up in either one camp or the other. That is exactly what the United States imperialists want to do; that is exactly what Soviet Russia wants the people of the world to think, and that, if you are divided into two camps, war is inevitable, while they continue their march in the directions in which they want to go. I myself think that is something which should be thoroughly hammered home to the people of the British empire and to socialists particularly and to those who are liberals with a small "l" throughout the world.

There is another choice and it has been clearly indicated by the hon. member for Rosetown-Biggar. The British empire will in my opinion be the stabilizing influence in the world of the future. New Zealand, Australia, Great Britain have changed the mechanics of society. They are co-operating, and Canada as part of the British empire should be studying those mechanics and preparing herself to make that change and follow it through into western Europe where there is still a chance to set up democratic forms of government which will continue the trend in that direction.

That is the alternative we are faced with in this country. Either you are going to follow blindly the lead of the United States, or you will be placed in the position where you are considered fascist or anti-communist only, because you do not stand for anything and have no program or policy but believe that war is inevitable. It is not inevitable. In my opinion, and I stated it two years ago, as far as major war is concerned, I am not afraid of it. I do not think there is any possibility of a major conflict between the United States and Soviet Russia. I believe the war has been going on since 1945. It is an economic war. Soviet Russia talked war and the scare of war for the purpose of getting you thinking about that, while she continued to march along and gobble up six or seven little nations which were not in a position to defend themselves.

On the other hand, war hysteria is deliberately promoted in the United States for election purposes and for her own purposes of keeping men's minds thinking along those lines, while she develops the mechanics for the next election. In my opinion, this war hysteria, this idea of inevitable war between Russia and the United States, should be played down at every opportunity. By that, I do not mean that either Canada or the United States should disarm. The only guarantee against war is to be prepared to fight when someone wants to encroach upon your way of life or upon your liberties or territory.

I do not think there is any other way of maintaining peace because, with nations, it is the same as with individuals. They have their quota of bullies. Any of you who have been in lumber camps or in barracks will find that there are always two or three big bullies and they pick on the little fellow who cannot fight back. He gets pushed around, but the fellow who is ready to fight is not. That is as true of nations as it is of individuals.

But this idea of inevitable war is something that should be exploded and not talked about as it has been, because it has been deliberately promoted from both these sources for the purpose of keeping people's minds busy.

I should like to say this about the Marshall plan. It has had a good deal of adverse publicity in certain sections, and the Italian elections have been tied in with it.

It is easy to confuse people; it is easy to confuse members of this House of Commons who are sitting here and have an opportunity to study these matters. But it is much easier to confuse the average man on the street, and if you are not so much afraid of communism you should make an attempt to keep your people informed. The only guarantee in any country for the preservation of liberty and expanding democracy is the vigilance of the people, and if they do not understand and are not kept informed by their public servants it is not hard to take them for a ride.

As regards the Marshall plan and the tying in of that with the elections in Italy, in my

opinion, as the hon. member for Vancouver East (Mr. MacInnis) said, the plan was the greatest charitable gesture ever made by any nation to other groups of nations who were not in a position to help themselves. There is a sum of $22·5 billion being appropriated. That will not all be given away. Much of it will go by way of loan from the international bank; nevertheless the motive of the United States in instituting the Marshall plan has been questioned. I do not care what the motive is. The net result will be the feeding of starving people; and, irrespective of the motive, as far as I am concerned, we are supporting that net result 100 per cent.

If you want to stop the machine you are so much afraid of, that is the only way to stop it. You have to feed people, clothe them, show them that you are interested in them and get them back into production. Then assist them in forming the kind of governments they want themselves, and in western Europe there will be social democratic governments.

I am not a bit afraid of that. Social democracy is the expansion of the system we have today. There is no other explanation for it, because socialism is the logical successor of capitalism, just as logical as feudalism was the successor of barbarism. When capitalism took over from feudalism it was merely the organization of the plants and factories and other things we have today. The system was born to serve a purpose and it has served that purpose. It has produced everything requisite to life.

The thing that has not been evolved is the system of distributing production back to the people on the basis of needs and making the people comfortable and happy with the things they themselves produce. That is socialism. It is society itself, the people at work. The dominant factor in society under this concept is human rights rather than the dollar sign. No one can disagree with that, and, whether you like it or not, it is inevitable. If that inevitability had been recognized in Europe, Europe would not be in ashes today.

What did Hitler represent? Hitler represented the ultimate in capitalism; that is, the boss with the gun at the head of the average person in the country, still making his profits. That is all. The Tories feared social change more than they feared him and, as a result, the country was destroyed and everything with it.

Now you have to start rebuilding, and you will not rebuild the old machine of so-called free enterprise, because it is no longer free. These people here talk about initiative. Where have you the initiative in this country? What initiative have the 27,000 unemployed workers in the maritime provinces? None. What initiative has there been on the part of the 15,000 of our young people who, every year for thirty years, have left the maritimes and gone to the United States? None. You are all right if you happen to have been born with a silver spoon in your mouth or if you inherited a lot of money, but there is no initiative in the system today. There is no competition. It is just monopoly control from the top, and it is top-heavy.

Someone said here that your home is your castle. I should like you to go to Minto, New Brunswick, and look at the miners' homes there, the tarpaper shacks. Our housing leaves much to be desired, but I will not go into that tonight. I am merely pointing out the inevitability of change in the system, and the reason you are talking about relief for Europe today is that they tried to hang on to something that no longer works. Make no mistake about it. As sure as day follows night, the system will change, whether we like it or not, either by evolution or by revolution.

That is the history of the world, and neither Tories nor the Social Credit party can stop that. They will be by-passed in the process. I do not see them giving much education to the people in the country on the Marshall plan. I do not hear any of them saying anything about what happened in the Italian elections. They say the Marshall plan was used for election purposes. That did not happen. What happened in Italy, as far as the Marshall plan is concerned, and as I read it, was this. There were nine countries who met in Moscow, nine communist parties from nine different countries. They discussed the Marshall plan and decided against it. They said they would have nothing to do with it. Italy was one of them, but when the Italian communist party was running the election it made the statement, for election purposes, that if it were elected it would make use of the plan just the same, after deciding only a short time before that it would have nothing to do with the plan.

Marshall then, making his answer from the United States, said this. He said that as far as he was concerned, if the communists were elected the Marshall plan would not be applicable. What would any one expect him to say? If there was in power a party which it had already internationally been decided was wrong in principle, was wrong in every way, shape or form, would anyone expect him to say that, if they formed a government, he would go in there to assist them? Is that not a natural thing to happen? It is what happened in other elections. I have listened to a good deal

of this talk about coercion, intimidation and all that kind of stuff in the Italian elections. I have been in many election campaigns, and have not seen any yet where there was not a whole lot of skulduggery, even right here in Canada. I would invite hon. members to go to Cartier when there is an election on.

Mr. HARKNESS: The hon. member should come out west.

Mr. GILLIS: It is just the same out west. I have in my hand a clipping from the Edmonton *Journal* of 1938, which gives the line-up on the platform. Here are the characters at this meeting. It was a kind of get-together in celebration of the result of an election. The hon. member for Calgary East (Mr. Harkness) says to go out west, that everything is fine out there. There were on the platform N. B. James, M.L.A. for Acadia; Leslie Morris, Toronto, national secretary of the communist party of Canada; Hon. E. C. Manning, Provincial Secretary, Hon. Lucien Maynard, Minister of Municipal Affairs.

Mr. KNOWLES: Read the rest of it.

An hon. MEMBER: What was the date?

Mr. GILLIS: That is from the Edmonton *Journal* of 1938.

Mr. COLDWELL: Read the story.

Mr. GILLIS: It is out of order. The Speaker would rule me out of order. It amused me to listen to the hon. member for Macleod while he was weeping salty tears this afternoon. He saw a communist behind every seat. Everyone was a communist except himself. When I picked up that clipping and read it, I said to myself that they had changed their tune. They were celebrating with the communists at that time. Evidently they had their support. I suppose it is just a case of whose ox is being gored.

An hon. MEMBER: The new look.

Mr. GILLIS: The thing I wanted to focus attention on this evening was this matter of the division of the world into two camps. Any hon. members who are getting out into the country and doing any speaking I am sure are finding, as I find, that a large percentage of our people in Canada are beginning to form the opinion, or the opinion is being formed for them, that it is a matter of being for American capitalism or for American imperialism, whatever the jargon is that is being used, or against it; that you must either line up, and if you do, you are a fascist; or you must go into the camp, and if you do, you are a communist; and that the world is ready for a bust. That is one thing we must start exploding. Canada is not in that position. Regardless of what party may be in power in the United States, I think the people there are sensible enough to see that changes will be made in the right way at the right time.

With respect to the future of Russia herself, I would not be so much concerned about this attitude at the united nations. It is to be expected. That country went through a revolution, and for twenty-six or twenty-seven years the Russians were building themselves up, trying to come back to some kind of civilization. During that period the generation that is running that country today were largely fed, from the milk-bottle stage, on the propaganda that capitalism and the outside world were enemies to them. That is what they have grown up with. They have gone through a war. Their country has been devastated again.

I am in hopes that in the future, maybe not in five years or ten, a different point of view may prevail. Thousands of young Russians are today getting out in embassies all over the world. They are in Canada, the United States and other countries. The older people who were forced to go through a revolution in that country will be eliminated by time, which catches up with us all. In addition, the younger ones going back to that country will bring in there a new viewpoint. There is every possibility that, if there is tolerance and understanding, that country will become a part of the world of the future, as I visualize it, and that they will do there the kind of thing that Britain is doing today, namely, purging the evils of the system and retaining all the good of the past, using the institutions of the country to do so. The hon. member for Grey North did not appear to know the difference between communism and socialism. The average eighth-grade student in school today can give that answer. Communism means a violent revolution, the overthrow of all the existing institutions. That is simple enough. Socialism is not that. We believe in the election of a government as you have it now, freely; in fact, more freely than you do now, using this House of Commons and the institutions of this country. We would pass legislation that would protect the old people better than to the extent of $30 a month. We would see that the people got a bill of rights, something that Mr. Drew has

denied them. We would see that the people got a health program, something that Mr. Drew and Mr. Duplessis, I think, prevented the federal government from putting through two years ago. That is the difference.

Mr. FLEMING: That is Liberal propaganda.

Mr. GILLIS: Those are the facts. I do not care who is doing the job or what the tags are; if people are doing something that is half decent, I am prepared to give them credit for it. But unfortunately there is not a great deal for which we can give credit to Mr. Drew and that outfit at Queen's Park. These fellows did try to work out a health program, something which is badly needed. that is the difference between communism and socialism, put quite simply. We use the existing institutions, purge them of the evils of the past and improve them for the future.

My time is about up, Mr. Speaker. I just want to finish with this plea. Let us not repeat the mistakes of the old league of nations. That institution was founded after the last war. There was nothing wrong with its principles. It was the hearts and minds of men that failed. The league of nations was betrayed. I could name some of the people that betrayed it. I am thinking now of the Lavals, the Chamberlains, the sell-out of Ethiopia, the Sir Samuel Hoares and people of that kind. That is why the league of nations failed.

The united nations was born out of this war. The necessity for it was never greater. Unless the united nations organization and all its machinery works, the hope of the world for the future is an extremely slim one. No matter what tags are used, whether we call ourselves Liberals, Tories or what have you, we should be hammering home to the Canadian people and to the people of the United States the necessity of making that machinery work and the hope that such machinery will ultimately develop to government at the international level, in order that the problems of the world in the future may be ironed out around the conference table by co-operation and mutual understanding, and so that some of the nice platitudes contained in the Atlantic charter may be put into effect.

When there is a war on, some beautiful slogans are written. The leaders of the United States and Britain at that time got together and wrote the Atlantic charter. I remember that everyone in the house here acclaimed it. It spoke of access to the raw materials of the world, human rights and all those things. But as soon as the war was over, when someone tested the validity of the Atlantic charter he was told that it was just a formal document, that it had no legal effect, that it was just a declaration of principles. That is the kind of thing that lets the people down.

It was a shock to a good many people to think that they were merely used as guinea-pigs in that instance, just for war purposes, and that all that fine talk and all those fine principles did not mean a thing.

I hope the united nations will mean something. I hope the Canadian government will push it, with everything they have. And I know that, so far as we in this group are concerned, any assistance we can give—that is. until we take over from the government, of course—in promoting the united nations, and to make that institution understood in this country so that it may have the support of the Canadian people, we shall be only too pleased to give.

I believe the hon. member for Rosetown-Biggar put himself on record clearly with respect to Russia, when he spoke for this group. But for the benefit of hon. members to my right, who seem still to be woolly-minded in that matter, let me say that we are absolutely opposed to totalitarianism, either from the right or from the left. And remember, you can have it either way. There have been more dictatorships from the right during our lifetime than there have been from the left. But we oppose both of them; and we shall continue to oppose them, whether they be from Soviet Russia, from the United States or from the government of Ontario. We are going to oppose them. We will use the institutions of this country, which have been built by the people, in the way the people intended they should be used.

That is the road ahead—the maintenance and expansion of democracy. That is the policy of this group; and we will continue to stand by it, nationally, provincially, municipally and, ultimately, internationally, through the united nations.

Mr. L. W. SKEY (Trinity): Mr. Speaker, my constituency is that of Trinity, Toronto, and I contested it against the leader of the communist party. I therefore know something about the aims of that party in Canada. I should like briefly to put three of them on record, and would ask the house to assess these aims of communism against the remarks to which they have just listened. I would ask hon. members to use their own intelligence.

The first aim of communism in Canada is to create class hatred, to make the working man hate his boss, to make the people hate anyone who has anything more than they have.

The second aim is the destruction of the Conservative party. I quote Mr. John Hladen in "They Taught Me Treason", when he says that the second aim of the communist party is the destruction of the Conservative party. That is their aim, because Conservatives throughout the world have stood up against communism, from the very beginning of time.

Their third aim is to divide French-speaking Canadians from English-speaking Canadians, to divide the eastern provinces from the central and western provinces, to create division and confusion.

These are the three chief aims of the communist party in Canada. I ask hon. members to assess the speech to which they have just listened as against these three aims.

I say this more in kindness than in anger. The hon. member has been referring to his own country, a country in which one of the largest corporations, the Canadian Pacific Railway Company, is now headed by two men, one of whom began as a labourer, digging the ground in which to put the ties for the trains to run on. The other one started as a humble telegrapher.

Within the last two weeks—

Mr. KNIGHT: Why should a telegrapher be humble?

Mr. SKEY: He was in a humble economic position.

Mr. KNIGHT: That is "humble", is it?

Mr. SKEY: He had a modest salary and a modest position. We all have to start at the bottom. This is a country in which we find men who have risen through the ranks of companies, from the lowest paid tasks, to become presidents or general managers of their corporations.

I do not think the hon. member was doing his country or his party any service when he made the speech he has just made.

(Translation):

Mr. PAUL EDMOND GAGNON (Chicoutimi): Mr. Speaker, last Thursday the Secretary of State for External Affairs (Mr. St. Laurent) said, among other things:

> Most of the troubles and fears of our day spring from this lack of trust, this absence of mutual toleration.

In my opinion, that sentence sums up fairly well the political situation in the world today.

[Mr. Skey.]

We are the instruments of the evils from which we suffer. If the world is unable to get out of the rut into which it has fallen, if we cannot establish peace—that worldly bliss sought by all people—on a permanent basis in the council of nations, it is because hatred, envy and a craving for domination have replaced, in the hearts and spirits of our leaders in these days of grief, the feelings of fraternity and brotherly love upon which rest good-will and mutual understanding. Instead of carrying on spasmodic friendship based on opportunism and fear, we should, in the interest of our country, hold our our hands to all leaders and all those who are fighting our possible enemies. For instance, we have an ambassador in Yugoslavia, a country led by communist, Tito; we also have one in Russia. Why, then, should we not have one also in Franco's Spain? When, for the sake of charity, prayers are being said for Stalin, and through guilelessness our offerings serve to intensify communist propaganda in Canada; when our country prides itself on the friendship of the red dictator in Moscow, it can well afford, without losing any of its prestige, to consider Franco as an ally. We waged war with Stalin, let us unite with the Spanish people and its leader to ensure peace on earth.

We need Spain as a bastion against communism in Europe. We need all those countries who never agreed to the Kremlin yoke and who are now struggling to preserve their autonomy. Its system of government, whatever it may be, is far better than a communist government.

At any rate, we committed ourselves, during the war, to respect the rights of all peoples and their respective government. Section 3 of the Atlantic Charter, to which Canada has adhered, states indeed that the United Nations "respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them".

The war was not yet over when, as the hon. member for Cape Breton South (Mr. Gillis) said a moment ago, the allies, egged on by Stalin, were going back on the ideal they had set for themselves. Spain was excluded from the international community at Yalta, though not mentioned by name, then at Potsdam, and at San Francisco, where it was indeed named. In January 1946 one of the first decisions of the general assembly of the united nations sitting in London was:

> The general assembly would point out that at the Potsdam conference the governments of the United Kingdom, of the United States of

America and of the Soviet Union declared that they would not support an application for membership in the united nations from the present Spanish government which, having been established with axis support, has not, on account of its origin, its nature, its history and its close association with the aggressor states, the necessary qualifications to justify its admission.

The assembly, endorsing these declarations, recommends that the united nations' members follow the letter and the spirit of these declarations in the conduct of their future relations with Spain.

At the instigation of the Soviet union, whose hatred of Franco is well-known, the communists of every country united in 1946 to demand the abolition of the Franco regime. Everyone—Canada along with the others—was calling for a crusade to liberate the Spanish people. Tumult, red propaganda, the shouts of those bandits who had pillaged Spain during the civil war, who had broken into cloisters, massacred priests, the stranglers, disciples of La Passionara, the plunderers of churches, speaking as one with Canada; silenced the voice of prudence. The passions loosed forth upon the Franco regime goaded us into taking a step which events in the near future will show was unwise, uncalled-for and ill-advised.

We must renew diplomatic relations with Spain. On February 10, last, France, whose Spanish frontier was closed in March 1946 by the Felix Gouin government, opened it up once more and renewed diplomatic relations with its neighbour.

Let us remember that it was Georgi Dimitrov, present prime minister of Bulgaria, Klement Gottwald, government leader in Czechoslovakia, Luigi Longo, present vice-president of the Italian communist party, Ludwig Bern, now in Mexico, Josip Broz alias Tito, leader of Yugoslavia, who were the main contrivers of the Spanish civil war in 1936.

By ridding his territory of such rabble, Franco has done a service not only to his country but to all humanity. It is only fair that we should be grateful and that Canada should be on friendly terms with Spain, as it is also fair that Spain, if she so desires, should enjoy the benefits of the Marshall plan.

In the second place, I ask that Canada be represented at the Vatican, and that, along with the great powers, we should establish permanent contacts with the greatest spiritual power to be found in the world. We have everything to gain thereby. The Pope, whose lofty mission is to promote on earth the peace that was promised by the Saviour to men of good will, has no other ambition than to bring harmony among the peoples of the world. His sole ideal is to lead to the heavenly fold the souls of those who observe the commandments of God and of the church.

Being the herald of truth, he cannot lead us into error. The extent of his knowledge, the accuracy of his information, his evangelic wisdom, as well as his paternal advice, enlighten the world. Let us be included among those who quench their thirst at that life-giving spring. As was said by Rev. Father Henri St. Denis, O.M.I.:

The only European countries which have no diplomatic relations with the Holy See are Russia, Turkey, Bulgaria, Greece and the three Scandinavian nations, the latter maintaining nevertheless cordial relations with the Vatican.

In Asia, the two greatest nations, China and Japan, are already aware of the usefulness of contacts with the Holy See. China has a minister in Rome and there is an internuncio in Nankin. Japan has kept as long as she could her minister at the Vatican.

Eighteen of the twenty-one nations of America maintain reciprocal diplomatic relations with the Holy See. The United States only have a representative at the Vatican, there being no nuncio at Washington. Only two countries, in the whole of America, do not officially recognize the Vatican: they are Canada and Mexico.

I therefore submit, Mr. Speaker, that it would be wise and convenient for Canada to have ambassadors at Rome and Madrid. The right hon. the minister of external affairs would thereby accomplish something of which many Canadians would be proud.

(Text):

Mr. D. S. HARKNESS (Calgary East): Mr. Speaker, when I came into the chamber a little while ago when the hon. member for Cape Breton South (Mr. Gillis) was speaking, after listening for a few minutes I found myself quite unable to determine what debate was in progress. I finally asked one of my colleagues and I found that we were still on foreign affairs. During most of the past two or three days I think the debate has been on a patriotic and high level and I was sorry to see it begin to assume the nature of a political discussion.

The minister started out by saying briefly that the united nations had so far proved rather ineffective and, since that was the case, it behooved us to co-operate with other democratically thinking peoples to protect our own interests and to try to preserve peace. Those thoughts were echoed in various ways by a considerable number of other speakers from all parties, which I think is a good omen. As far as the country is concerned, it is a good thing to see members of all parties thinking along somewhat the same lines in the realm of foreign affairs. However much we may quarrel within our own borders, I would hope that we shall be able to present a united front to the

rest of the world. From the way in which the debate has proceeded for most of the last two or three days I would say that situation seems to prevail. It is to be deplored that some speakers at any rate make this an occasion to talk about almost any other subject than foreign affairs for what I say are political purposes.

This uniformity to a certain extent in our thinking as far as foreign affairs are concerned is all well and good, but I come back now to the proposition which the Secretary of State for External Affairs (Mr. St. Laurent) put up, that we must co-operate with other democratic nations in order to preserve peace. One of the things that we must think about first is how we can co-operate. It is no use loosing off in this chamber or in any other place throughout the country a lot of empty words about co-operating with other democratic countries if we have no means with which to co-operate.

The first thing we must do if we are to have any real voice in preserving peace and in foreign affairs generally is to build up our own strength. By that I mean our military strength, our ability to mobilize military strength, which is perhaps more important. It is essential that we have the ability to mobilize considerable military strength if we are to be able to co-operate with other countries to preserve peace or if we are to be a force of any sort in the preservation of peace.

Before we start talking in a grandiloquent manner about helping to preserve peace and co-operating with other nations, the first thing we should do, as befitting our stature as a member of the united nations, is to have at our disposal sufficient military strength to make our words good. Otherwise we are just engaging in idle boastings.

Motion agreed to, and the house went into committee of supply, Mr. Golding in the chair.

Mr. HACKETT: Mr. Chairman, I understood that there was to be a question period, if it meets with the convenience of the committee.

Mr. ST. LAURENT: Perhaps the hon. member would allow me, as announced last night, to call three departments before the questions are put, and then, if the questions occupy the time until eleven o'clock, that much will have been accomplished.

Mr. BRACKEN: Before the minister calls these three departments, will he indicate which departments are already in supply? I understand that in earlier years only one department was called at a time; later on it became two, and now sometimes three or more. Would the minister indicate the reasons why he wants three departments called at this time?

Mr. ST. LAURENT: The principal reason is that when we attempt to go into supply it takes us more than a week to get there, and when we do get there we think we should provide some material that can be dealt with in supply on Thursdays and Fridays. There has been no occasion since the beginning of this session when it has been possible to avail ourselves of the standing order that on Thursdays and Fridays the Speaker leaves the chair without motion put to go into supply, because no department had been opened up that could be dealt with. About three weeks ago there was a motion to go into supply, and agriculture, external affairs, trade and commerce, and transport were called.

The intention with respect to the external affairs estimates is to move, as soon as the questions will have been answered, to withdraw those items from the committee of supply and refer them to the external affairs committee. I think that has been discussed on both sides of the house, and it is what most members wish to have done with the external affairs estimates. The ones that will remain are agriculture, trade and commerce and transport. There are, in all, twenty departments.

Mr. MacNICOL: Will there just be three left to be called?

Mr. ST. LAURENT: Oh, no. Even after this is done, there will be thirteen departments left to be called. It was thought desirable to have three or four departments put in because it sometimes happens that the convenience of members on one side or the other requires a particular department to be held over. Someone asks for such-and-such a reason that the estimates of a particular department be not called on such-and-such a day. So we thought it desirable to have four or five departments available which could be considered on Thursdays and Fridays in committee of supply. The ones I propose to call tonight are the justice department, which includes, as hon. members know, the Royal Canadian Mounted Police. The justice and mounted police estimates are always dealt with together. Then labour, and national health and welfare.

Mr. COLDWELL: Those are the departments to be called tonight?

Mr. ST. LAURENT: Those are the ones I would ask to have called tonight, so that they could be ready to be dealt with on Thursdays and Fridays.

Mr. BRACKEN: I can understand that it is desirable to have more than one or two or

three departments available for discussion of their estimates in committee of supply. But why is it necessary to have a dozen? I remember in past sessions we have had a dozen departments in supply, and I do not see the need of it.

One other question. If it is desirable to have six or seven or eight or nine departments put into supply, why do we do that in pieces, putting in two or three departments at a time?

Mr. ST. LAURENT: I would have no objection to calling them all now, but I thought the objection to doing so was that members wished to have several opportunities to raise grievances on a motion to go into supply.

Mr. BRACKEN: Is the minister prepared to leave out enough departments so that we shall have opportunities to raise grievances on a motion for supply?

Mr. ST. LAURENT: Certainly; there are twelve more.

Mr. BRACKEN: But putting them in three at a time will soon exhaust our opportunities.

Mr. COLDWELL: I think the minister's request tonight is reasonable. We have been here for five months and have only one department in supply. But I hope that the minister will not take this as a precedent and that in future only one department, or at the most two, will be put in, until perhaps later in the session when three or four might be put in. But under the circumstances I think it is reasonable to put in three departments tonight as the minister suggests. I hope that it will not be taken as a precedent.

Mr. KNOWLES: Mr. Chairman, I rise to a point of order. There is nothing before the committee. I suggest that some item be called to make the discussion regular.

The DEPUTY CHAIRMAN: I will call the items.

DEPARTMENT OF JUSTICE

116. Departmental administration, $235,350.

Item stands.

ROYAL CANADIAN MOUNTED POLICE

119. General administration, $276,326.

Item stands.

DEPARTMENT OF LABOUR

131. Departmental administration, $701,241.

Item stands.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

245. Departmental administration, $623,428.

Item stands.

DEPARTMENT OF EXTERNAL AFFAIRS

52. Departmental administration, $1,915,860.

Mr. HACKETT: Mr. Chairman, there is a matter which I think is deserving of the attention of the minister. It involves at least three entities. One of them is the Ontario municipal board; another is the consul general of the United States in the city of Toronto, and the third is the department of state of the United States of America.

The Ontario municipal board is the creature of the legislature of Ontario. Chapter 60 of the Revised Statutes of Ontario, 1937, sets forth its jurisdiction and describes its duties and functions. Section 40 of this chapter describes the board as follows:

> The board shall, for all purposes of this act, have all the powers of a court of record, and shall have an official seal which shall be judicially noticed.

Section 7 describes the composition of the board.

> The Board shall be composed of three members to be appointed by the lieutenant-governor in council, one of whom shall be appointed as chairman and another as vice-chairman, and each of them shall continue so to be while he is a member of the board.

Section 58 (e) sets forth the powers of the board, and among them is the power to administer oaths. The section goes on to declare that the board—

> . . . shall have the like power to summon witnesses and enforce their attendance, and compel them to give evidence and to produce books, papers or things which they are required to produce, as is vested in any court in civil cases.

This board is a quasi judicial organism. It tries cases; it hears witnesses whom it has the right to summon and to whom it may administer oaths. It reaches decisions on proof that is made before the board, and it issues rulings and orders which are mandatory and obligatory upon the parties affected. I admit that some of the rules which obtain in ordinary courts of first instance are somewhat relaxed. For instance, it is competent to the board to receive a letter which would not be received as proof in an ordinary court of justice.

Last Thursday this board was sitting in the city of Toronto to hear the application from M. & G. Convoy Company of Buffalo for a licence to carry automobiles in bond over provincial highways from one United States point to another. The hearing was proceeding in the ordinary way. Counsel were present. Witnesses were being heard when Mr. H. Earle Russell, who described himself as the consul

general of the United States in Toronto, appeared before the board. He declined to be sworn. He said:

I am simply making a statement on behalf of my government.

I may say, Mr. Chairman, that I hold in my hand the official transcript of what took place on that occasion. Mr. Russell went on to say:

I simply wish to state the extreme interest that my government is taking in this application, which is only one of probably several which will be made. In other words, it is the general attitude and the general hope of the United States government in this connection...

At that point he was interrupted by counsel who objected to the statement and insisted that the witness be sworn and submit to cross-examination; whereupon Mr. Russell said:

I cannot be examined on my statement that I have been instructed to make by the Department of State.

Naturally, he meant the department of state of the government of the United States. Then, Mr. Russell, after some further interruption by counsel said:

Gentlemen, I simply wish to say this, that the United States government is much interested in this general question of the movement of American truckers in Ontario in transit, and that I simply express the hope on behalf of the consulate that a favourable decision may be given it at the earliest possible moment. That is all I have to say, gentlemen.

Apparently objection was so violent that Mr. Russell said he would write a letter, and when it was urged that he take an oath and submit to cross-examination he said:

I am making a statement on behalf of my government on which I cannot be cross-examined.

In my view this raises a serious question. I do not wish to exaggerate it, and I do not wish my attitude to be interpreted as anything other than a desire to maintain the friendliest relations between the country for which Mr. Russell said he was the spokesman and our own country. I believe, however, that friendly relations and good neighbourliness depend upon a respect for the amenities. If the United States had any communication that it wished to direct to Canada it has for that express purpose a department of state which is manned by persons skilled in expression and in the art of diplomacy. We have the counterpart of that department in Canada, and order, tradition, experience, diplomacy and common sense dictate that the deep and well worn channel of communication between two governments should be used by the governments of Canada and the United States. I therefore suggest that it should be put beyond doubt whether or not the department of state of the United States gave instructions to Mr. Russell to appear in a Canadian court of justice for the purpose of making an ex parte pronouncement of the wishes of his country.

I do not attribute any improper motives to Mr. Russell, but I cannot believe that he received from the state department the instructions to do that which he did despite objection. Consular agencies are largely trade agencies. They are not generally entrusted with a diplomatic duty. Their functions are important, but they are circumscribed, and unless they have been recently and unduly enlarged they do not extend to international communications. That is a highly skilled, aged and honourable art, for which the successful preparation and practice call for much time and many talents.

I stated in the speech which I made just the other day that it is so important that good relations be maintained at all times between Canada and the United States that we should take every precaution not to give offence and every precaution to preserve our own dignity lest some intrusion or trespass give rise to an incident that might serve, if not to destroy, at least to lessen the harmony that has existed between the peoples on this North American continent.

I do not wish to have this appear as a nagging suggestion, but I have feared that our government has been remiss in this way. I have told the government that permitting the United States to set up courts of justice in peacetime in our country is, in my view, folly, because it supplies an opportunity and it provides an occasion for international episodes and misunderstandings; these mishaps come upon us without our seeking them.

It was only the other day that a court in the United States so far forgot the way Americans would feel if the reverse had happened, so far overlooked its traditional solicitude of the American people for the feelings and sentiments of people in another area, that it sent its own mandatory to Canada to hale Canadians before an American tribunal, forgetting that its writ does not yet run in Canada.

Mr. Chairman, I am from the borderland. I cherish the preservation of the relations, the good relations, the excellent relations, the friendly relations, the harmonious relations, the sympathetic relations that have existed between our country and the United States for a hundred years and more, and I wish them

to persist. But good relations beween countries as between individuals can last only so long as there is complete respect for the feelings, the rights, the privileges and the prerogatives of both parties to that relationship. The moment that one overlooks—and it begins always in small things—any of these amenities, one is jeopardizing that most subtle, that most fluid, that most difficult thing in all human relations to maintain in perfect equilibrium and harmony—friendship.

And so I ask the Secretary of State for External Affairs to inquire whether or not Mr. Russell was instructed, as he stated he was, by the department of state of the United States, to appear before this tribunal, and if so, whether or not the United States has abandoned the method prescribed by order, by tradition, by diplomacy, which restricts international communications to the channels that were dug for them by all civilized states centuries ago; and further whether or not, having received those instructions, it was meant that he should intrude upon a Canadian court and attempt to influence a decision which could be determined only by testimony and argument—testimony which at all times is subject to the acid test of cross examination—by a statement made outside the ordinary rules of procedure and justice.

I ask you, Mr. Chairman, again to recall that I do not seek to play up this incident. I do not wish to insinuate that anything was done intentionally to wound the feelings of Canadians. In some countries an incident like this would provoke a demand for the immediate recall of Mr. Russell. I do not want that. I do not want anything but a reminder to our excellent neighbour that we respect him and that we want him to respect us, that our friendship may remain what it always has been, unspotted, untarnished and free from blight.

Mr. CHURCH: Mr. Chairman, I wish to take just two or three minutes—

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): I think what the hon. member for Stanstead (Mr. Hackett) has put before the chair is something which requires to be dealt with immediately, and if the hon. member would not mind I should like to deal with it.

With much of what the hon. member has said I am sure all members will be in agreement. It was indicated to me that something out of the ordinary had happened, and I got hold of the report in the *Globe and Mail* of April 30, much of which was read by the hon. member for Stanstead. Having read it, it struck me that it was something out of the ordinary, and immediately the matter was taken up here with the United States ambassador. However I think it would be only fair to state that the wounds to feelings were probably apt to be much more acutely felt by the other parties to the matter that was being discussed by the highway commission than by the Canadian public generally.

These commissions—the hon. member has said so—do not proceed in strict judicial fashion. They receive letters and representations from all those who may have an interest in the matter that is being discussed before them. There were adverse interests represented by counsel before the board, and the report in the newspaper did not describe the violence of the objections to the statement made by the consul general. But the report in the newspaper did say from what source the objections came, and I was not surprised to hear the hon. member for Stanstead say they had been violent, having seen in the newspaper from what source they had come.

I do not think the representations of the consul general added anything new to what was undoubtedly known to everyone who was there. This has to do with this vexatious question of trucking in bond that has been a source of irritation to the railways for a long time. It has been a source of irritation not only to the United States railways but to the Canadian railways as well, to the brotherhoods of railway employees, and perhaps also to local highway authorities.

I think it is well known to everybody that for a long time the United States government has been making it known that it felt that this trucking in bond should be permitted. It was permitted during the war but has not been permitted since. Anyone who knows what went on in Geneva in the general discussions on the trade agreements there, knows what a positive stand the United States government took. Anyone who knows what went on in Havana knows what a positive stand the United States government took. They think trucking in bond should be permitted. Many of us here think we would get little advantage out of it. We recognize the fact that trucking in bond from one country to another may be helpful to trade, but that trucking in bond from one point to another in the same country is not a matter of much consequence to international trade.

Mr. COLDWELL: Will the minister deal with the point at issue, the question as to whether the consul general, representing the state department, did the thing he should have done, or whether this should not have

come from the state department to the government of Canada? I think that is the point.

Mr. ST. LAURENT: There can be no doubt that if the state department had representations to make, they should have been made to the Department of External Affairs here.

Mr. COLDWELL: That is the whole point.

Mr. ST. LAURENT: That is the matter which is now under discussion between the Department of External Affairs here and the United States ambassador in Ottawa. The first conversation about it was held this afternoon, and the investigation is proceeding.

It sometimes occurs that some of these representations are made. Representations were made by our department in similar cases. The hon. member referred to a summons from the senate committee.

Mr. HACKETT: The summons from the senate committee to the pulp and paper companies to appear in Washington with their books.

Mr. ST. LAURENT: I do not think that was a summons from the senate committee. I think that was from a court of justice.

Mr. COLDWELL: That is right.

Mr. HACKETT: Yes.

Mr. ST. LAURENT: That was a subpoena applied for by the attorney general of the United States against what he asserted were Canadian companies operating in the United States, a matter which was under discussion, and which we thought a few months ago was satisfactorily settled, which has arisen again and about which negotiations are continuing. As a matter of fact, that was the thing I had in mind in my opening speech on April 29, when I said that sometimes there did arise, at administrative levels, things that were annoying; but that even when we had reason to complain about them, we were able to do so, speaking the same language and arriving at settlements. I am quite sure that we shall get a satisfactory explanation of this incident. It sometimes happens that an official is overzealous. I am sure that we shall get a satisfactory explanation of the incident. I wanted it to be known here that what this gentleman is reported to have done was to express in that place—untimely, I think—what was well known to be the attitude of the United States with respect to the matter.

Mr. COLDWELL: I do not think that excuses him.

[Mr. Coldwell.]

Mr. ST. LAURENT: No. I think it was untimely for him to go out and repeat it.

Mr. COLDWELL: Or the department, if he acted under instructions.

Mr. ST. LAURENT: We are inquiring as to whether it was under instructions from the department.

Mr. COLDWELL: That is the point.

Mr. ST. LAURENT: I do not know whether he asserted it to be.

Mr. HACKETT: He did assert it.

Mr. ST. LAURENT: We are inquiring whether it was under instructions from the department or whether it was something he did on his own, after, no doubt, having been spoken to by representatives of that United States company who were present in Toronto pressing this application. That is something which is being inquired into. I am sure that there will be no assertion anywhere that it was a proper thing for him to be instructed by the state department to go before a Canadian court, and the matter is being inquired into. I fully agree that there must be mutual respect for all the rights and even the susceptibilities of each other. I hope that there will never be more serious occasions than those that have arisen. But cases arise from time to time where we feel that officialdom has been a little bit officious and has taken it for granted that what it would be proper for them to do in their own country they could do in ours. That was what I meant by saying they embarrassed us in their perhaps intentionally flattering desire to consider us so much a part of themselves. But they know—and when this fact is overlooked they are reminded of it—that we are sensitive about these things, that we must be careful and that they also must be careful.

Mr. COLDWELL: Will the minister report the findings to the house?

Mr. ST. LAURENT: I will when I have had an official report from the ambassador.

Mr. CHURCH: I just want to call the minister's attention to one thing. I am opposed to these estimates being dealt with in such a committee. I opposed this way of considering foreign affairs consistently right from the start, because the onus is on the government itself.

The second thing is this. What are we doing at the present time? The government depends on UNO, so does the opposition.

Their policy is based on Lake Success. I want to point this fact out, it is one which is forgotten. The Soviet union has been using the UNO to insult Britain and the United States in every known way and in the worst language ever known, which in any other age would have led to the severance of diplomatic relations. I believe the Soviets will soon leave UNO for keeps. The Soviets are using this for home consumption in Russia, to tell the people there that the United States and Britain will attack them. That is what they are doing. They are using that at all times in Russia, or they would have had serious internal trouble there. They would have trouble in their own country but for UNO, which is a most mischievous agency. The way business is carried on down there, the thing is a tower of Babel. We are making a great mistake. If we could get a one year's holiday at Lake Success, we would have peace and happiness.

I do not believe that the external affairs committee will ever do anything. I have found that some of these committees, like the external affairs committee, as the minister knows, do not know anything about the matter, and the public today do not know anything about it except what they read in the press, because they do not come down to fundamentals or consider the experience of history. I believe it would be better for the government to take the responsibility, because they must take it. By the action taken, we are just inviting something which the Soviet wants at Lake Success. Our policy should be to work with Britain and the dominions and America and obtain security by re-armament. Lake Success has been a failure for a long time, and I believe it would be far better if we were to give Lake Success six months' or a year's holiday. It would be the best thing for the British empire and the world.

Mr. HACKETT: Will the minister make known the results of his inquiries?

Mr. ST. LAURENT: Yes.

Mr. CHURCH: The committee should not have been appointed. It is far better to have the discussion here again for a day or two in May or June. In Great Britain they have a couple of days debate every once in a while. Here we have had four days and the minister has been most patient. I believe we have succeeded in bringing some facts before the country and the public.

Item stands.

Progress reported.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, I move:

That items 52 to 67 inclusive in the estimates be withdrawn from the committee of supply and referred to the standing committee on external affairs.

This is the arrangement that was made earlier. I know the hon. member for Broadview (Mr. Church) believes that these estimates should be considered by the committee of the whole; but I think most hon. members would rather have them considered in the committee on external affairs.

Mr. BRACKEN: They will come back here for consideration afterwards?

Mr. ST. LAURENT: Yes, they will come back here, and will have to be gone over again. But before being dealt with here, I understood it was the desire that they be quite fully considered in the committee on external affairs.

Mr. MACDONNELL (Muskoka-Ontario): Does this mean that if this motion is carried, no statement having been made by the minister, they will be sent to the committee on external affairs? It seems to me that we might just as well face the fact that they will be sent back from the committee, and that when they come back there will be no disposition to have them discussed here at all. The result will be that there will be no discussion here, and no statement by the minister. Is that what is intended?

Mr. ST. LAURENT: I do not understand the hon. member. I made a statement which lasted more than an hour and a quarter, and which has given rise to a debate lasting four days. I am not anxious to have these estimates go to the committee on external affairs; but I promised I would make this motion because I had gathered from all parties that they wished to bring before that committee the officials of the department so that they could get the detailed information which they could not get as satisfactorily when it must be relayed from the gentleman who sits in front of me now.

If there is any opposition to this procedure, I shall carry on and deal with these estimates in the same manner in which other estimates are dealt with.

Mr. COLDWELL: I think the minister is right, that there was a general desire on the

part of all parties, as I understood it, that this procedure be followed. I take it that this will not in any way block a statement being made by the minister in reply to what has been brought before the house by the hon. member for Stanstead (Mr. Hackett).

Mr. ST. LAURENT: No.

Mr. COLDWELL: The minister will give that opportunity at some other time?

Mr. ST. LAURENT: Yes.

Mr. HACKETT: The desire was that the estimates should go to the committee so that people might be summoned and full information made available. So far as I can speak for my party, I am willing that that should be done.

Mr. MacNICOL: Was not one of the purposes that of trying to avoid what we have been doing in the last four days?

Mr. LOW: The experience of the past few years has shown that it has been a most satisfactory procedure to have the estimates referred to the committee. Printed reports come out from that committee, and we have the details of the investigations which have been conducted there. I believe the discussion in the house has been most helpful, and will make the sittings of that committee even more useful. I would certainly favour the estimates going to the committee again.

Mr. BRACKEN: I think all the hon. member for Muskoka-Ontario wanted was to be assured that on a date later on, when the estimates come before the house, we shall have such discussion as we may want at that time.

Mr. MacNICOL: Was it not the intention, when the suggestion was made, to send these estimates to the committee on external affairs, to avoid wasting time as has been done in the last four days?

Mr. COLDWELL: Oh, no.

Mr. ST. LAURENT: I would not consider that the time of the house has been wasted in the last four days.

Mr. MacNICOL: Largely wasted.

Mr. ST. LAURENT: I felt that members of all parties wished to have an opportunity to discuss the general matters related to our external policy, and then that they would like to have the estimates before the committee, so that proper officials could be brought to that committee and they could be questioned directly. Detailed information required could be obtained in that way. Then the estimates would come back here, and anything any hon. member felt should be discussed on the floor of the house would be discussed at that time, having before us the information obtained in detail from the officials.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. ST. LAURENT moved the adjournment of the house.

Mr. BRACKEN: What is the business for tomorrow?

Mr. ST. LAURENT: Tomorrow I should like to take up the resolution mentioned last night dealing with the implementation of treaties of peace with Italy, Roumania, Hungary and Finland. Then I understand that the Minister of Reconstruction and Supply would like to proceed with his resolution dealing with housing.

Mr. HACKETT: What item is that?

Mr. ST. LAURENT: Those are items 7 and 8 on the order paper for today. Then I believe the Minister of Justice would like to proceed with his bill to amend the Royal Canadian Mounted Police Act; and if that is disposed of, there is another small bill dealing with the administration of the penitentiaries.

Mr. KNOWLES: In that order?

Mr. ST. LAURENT: I would anticipate that it would be in that order. Perhaps, after the first resolution in the name of the Secretary of State for External Affairs, we might revert to government notices of motion to deal with the resolution respecting the international agreement in connection with whaling. I would not anticipate that any of those would take much time.

Motion agreed to and the house adjourned at 11.10 p.m.

HOUSE OF COMMONS

Wednesday, May 5, 1948

The house met at three o'clock.

LIBRARY OF PARLIAMENT

REPORT OF CIVIL SERVICE COMMISSION RECOMMENDING CHANGES IN STAFF COMPENSATION

Mr. SPEAKER: I have the honour to lay on the table of the house a report from the civil service commission recommending changes in compensation of the staff of the library of parliament.

OFFICIAL REPORT

REFERENCE TO POINT OF ORDER RAISED IN DEBATE ON APRIL 22

Right Hon. J. G. GARDINER (Minister of Agriculture): Mr. Speaker, on Thursday, April 22, I rose on a point of order. On looking over *Hansard* later I was somewhat concerned about the record as it appeared in *Hansard*. Therefore, I took the matter up with the Clerk of the House and I understood that the record in the bound *Hansard* would be as it appeared in the notes of the *Hansard* reporter, but I have been informed since that that will not take place unless I place the proposed correction on the record.

I should like to read the correspondence which has taken place between myself and the Clerk of the House:

Ottawa, April 26, 1948.

Dr. Arthur Beauchesne, C.M.G., K.C.,
Clerk of the House of Commons,
Ottawa.

Dear Dr. Beauchesne:

On Thursday last when Mr. Fair, member for Battle River, finished speaking on the sub-amendment to the amendment to the motion that the Speaker do now leave the chair to go into committee of supply, no one took the floor.

There were shouts of "Question."

The Speaker rose and asked "Is the house ready for the question?"

Again a number of members, including the writer, shouted "Question."

Mr. Speaker proceeded to read the motion, the amendment, and the amendment to the amendment.

While the Speaker was reading the motion, Mr. Coldwell, leader of the C.C.F., rose and without saying anything resumed his seat. Again when the Speaker finished, Mr. Coldwell rose and addressed the Speaker saying he desired to speak.

I raised a point of order saying, "I think the rule is very clear that when the Speaker rises to put the question and asks if the house is ready for the question and the house agrees"—Mr. Coldwell at this point stated "the house did not agree." I continued: "I was watching very closely what took place. The Speaker started to read the question to the house before the hon. member stood up the first time, and that being the case I submit that under the rules of the house there is no opportunity for any further speaking."

The further discussion indicates that this is a correct record of the proceedings, and Mr. Speaker finally ruled the member for Rosetown-Biggar out of order.

The record as it appears in *Hansard* does not bear out this statement of the facts. If Mr. Coldwell had said "Mr. Speaker" where the record indicates he did, he would not have been out of order.

Mr. Coldwell's own statement beginning at line six in the second column of page 3228 does not agree with the record in *Hansard*.

Would you kindly have the record checked and let me know whether *Hansard* correctly reports what took place. If the record is correct then I was wrong in raising a point of order.

Yours sincerely,
James G. Gardiner

Under date of April 27, 1948, I received the following letter from the Clerk of the House:

Ottawa, April 27, 1948.

Right Honourable J. G. Gardiner, P.C., M.P.,
Minister of Agriculture,
Ottawa, Ontario.

Sir:

With reference to your letter of the 26th instant, an examination of the reporter's copy shows that, when, at the sitting of Thursday, the 22nd instant, Mr. Speaker asked if the house was ready for the question on the amendment to the motion for leaving the Chair, Mr. Coldwell did not speak. An insertion was however made by Mr. Galbraith, assistant editor, which reads:

"Mr. Coldwell: Mr. Speaker—"

Mr. Featherston, the reporter on duty at the time, says he did not hear Mr. Coldwell. Mr. E. C. Young, editor of debates, has written me the following memo which speaks for itself:

> It was on the suggestion of Mr. Knowles that the words 'Mr. Speaker' were added after 'Is the house ready for the question?' Mr. Knowles added that this was evident from the subsequent proceedings. He said that he was right behind Mr. Coldwell and saw him rise. Mr. Galbraith asked the reporter about it, and the reporter said Mr. Coldwell may have risen but was behind the reporter and therefore was not seen.
>
> The reporter said he did not actually hear the words 'Mr. Speaker,' but could not say definitely they had not been said.

You are right in saying that the insertion of those words has a great bearing on the ruling then given by Mr. Speaker.

Yours sincerely,

Arthur Beauchesne.

I have the record here as taken down by *Hansard,* and the words in question were written in afterwards and are not in the *Hansard* report as taken down. I would like to have this placed on the record, Mr. Speaker.

Mr. J. H. HARRIS (Danforth): With your permission, Mr. Speaker, and as a matter of privilege, I saw the hon. member for Rosetown-Biggar (Mr. Coldwell) stand in his place and heard him say at that time "Mr. Speaker." I have no authority to speak on his behalf; he can speak for himself, but I would like to see an honest record of what actually took place. Your Honour, I admit, probably did not see him rise, and I admit that the member of the *Hansard* staff probably did not hear him, but I must be honest with this honourable chamber and say that not only did I see him rise to his feet but also I heard him say "Mr. Speaker." I have no other reason to speak on his behalf.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I may say that I did not see the *Hansard* report that evening, and I did not know anything about this. I could not swear at this time whether or not when I rose to speak I said "Mr. Speaker", but usually when I rise in the house I do say "Mr. Speaker". So far as I am concerned I had no knowledge whatsoever of this matter.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I accept responsibility for what Mr. Young in the memorandum says I did. That is correct. I am just as firmly of the opinion as is the member for Danforth (Mr. Harris) that my leader said those words, and I take the responsibility for having asked Mr. Galbraith to put those words in.

PRICES COMMITTEE

CHANGE OF PERSONNEL

Right Hon. L. S. ST. LAURENT (for the Minister of Transport) moved:

That the name of Mr. McGregor be substituted for that of Mr. Homuth on the special committee on prices.

Motion agreed to.

[Mr. Gardiner.]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PRAIRIE FARMERS INCOME TAX GUIDE

Mr. ASHBY:

1. What are the names of all individuals who assisted in any way in the wording or drawing up of the prairie farmers income tax guide?
2. Have any of these individuals at any time changed their names?
3. If so, what were their original names?
4. What positions are held by all the individuals in question (1)?
5. Have any of these individuals received training at the London (England) School of Economics?
6. Have any of these individuals ever successfully operated a farm?
7. Have any of these individuals ever successfully operated any private business?
8. If so, what was that business?

Mr. McCANN: The Prairie Farmers Income Tax Guide and Farm Account Book was compiled with the assistance of many officials of the taxation division who were fully conversant with the income tax problems of farmers in western Canada, also as a result of consultations with and comments received from senior officials of the Canadian Federation of Agriculture, the federal Department of Agriculture and other representative farm organizations.

It may also be stated that the Account Book section of the above-mentioned instructional publication was assembled after officials of the taxation division had conducted a thorough examination of various farm account books published by other departments of the government and by many private businesses, and had ascertained that such account books were inadequate in relation to the many problems arising out of income tax which affect western farmers.

NATIONAL HOUSING ACT—LOANS APPROVED

Mr. McKAY:

How many loans have been approved for home owners and builders for sale under the national housing acts up to March 31, 1948 in (a) Canada; (b) Saskatchewan?

Mr. McILRAITH: Detailed information as to the number of loans approved for home owners and builders for sale or the number of loans made in Saskatchewan prior to January 1, 1946, is not available. However, a total of 3,083 loans were approved in Canada under the Dominion Housing Act, 1935, between October 1, 1935, and July 31, 1938; 18,625 loans were approved in Canada under the National Housing Act, 1938, between August 1, 1938, and January 31, 1945; 4,838 loans were approved in

Canada under the National Housing Act, 1944, between February 1, 1945, and December 31, 1945. Loans approved under the National Housing Act, 1944, from January 1, 1946, to February 29, 1948, for home owners and builders for sale totalled, (a) in Canada, 26,557; (b) in Saskatchewan, 357.

Final figures for March, 1948, are not yet available.

NORTHWEST TERRITORIES—LIQUOR REGULATIONS

Mr. NICHOLSON:

1. Who is responsible for the administration of liquor laws in the Northwest Territories and how is such official or officials appointed?
2. Through what agency or agencies is liquor obtained for sale in the Northwest Territories?
3. How many outlets of various kinds for liquor sale are there in the territories and where are they situated?
4. What hours for the sale of liquor have been established?
5. What amount of profit has accrued from the sale of liquor in the Northwest Territories in each of the last two years of official record and what disposal was made of the funds so obtained?

Mr. MacKINNON:

1. The council of the Northwest Territories which is appointed by the governor in council under the provisions of the Northwest Territories Act, chapter 142, R.S.C. 1927.

2. Through the Saskatchewan liquor board under the direction of the Northwest Territories council.

3. (a) There are two government liquor stores, one at Yellowknife and the other at Forth Smith.

(b) Licensed premises in the Yellowknife administrative district are: Yellowknife hotel; Ingraham hotel; Canadian Legion premises.

4. (a) Stores: The territorial liquor agent, subject to the approval of the commissioner of the Northwest Territories, may prescribe the days and hours at which the liquor stores shall be kept open for the sale of liquor. The present hours of sale are as follows: Yellowknife, 1 p.m. to 7 p.m. daily except Sunday; Fort Smith, 10 a.m. to 5 p.m. daily except Sunday.

(b) Licensed hotel beer premises, Yellowknife: Yellowknife hotel authorized recently to operate beer parlour 24 hours per day except over week end. This was allowed in order to accommodate employees on shift duty at the mines. Ordinarily the beer parlours would be open from 8 a.m. to midnight.

(c) Cocktail lounge, Yellowknife: Open 12 noon to 12 midnight Monday to Friday inclusive; Saturday noon to 11.30 p.m.

In the case of beer parlours and the cocktail lounge, the local trustee board of the Yellowknife administrative district fixes the hours of sale subject to approval by the commissioner.

5. (a) The moneys acquired in the administration of the territorial liquor ordinance are credited to a special account in the consolidated revenue fund to be applied to territorial purposes.

(b) Net operating revenue from liquor stores:

Fiscal year 1946-47	$206,227.77
Fiscal year 1947-48	196,370.57
(c) Proceeds of fines, fees and sundry 1946-48	10,273.24
Total	$412,871.58

(d) Expenditure from liquor fund:

Fiscal year 1946-47	$ 40,851.80
Fiscal year 1947-48	334,385.64
(this item subject to adjustment when final returns available)	
Total	$375,237.44

(e) The expenditure referred to above covers disbursements for numerous administrative purposes including substantial grants for schools and hospitals ($297,630), construction of buildings, roads, bridges ($48,637), and payments for special services and supplies ($28,970).

FLOOD CONDITIONS—TORONTO AREA

Mr. CHURCH:

1. Has the attention of the government been called to the new floods at Ward's Island caused from the high east wind on Tuesday, April 27, by which 50 cottages were badly damaged and flooded as water crashed over the federal government breakwater past them into the lagoon?
2. What action will be taken in the matter?
3. Is this a government breakwater or not similar to the one at the Eastern Gap and running from Ward's to Centre Island on the lake front?
4. Who paid the cost of erecting several groynes into Lake Ontario from this breakwater?
5. What action will be taken to meet the situation?

Mr. CHURCH: Mr. Speaker, as a return has been brought down, and it is satisfactory, I would ask that this question be dropped.

Mr. SPEAKER: Dropped.

ARMED FORCES—MARRIED QUARTERS

Mr. DICKEY:

1. How many married quarters of various types did the armed forces have on January 1, 1947?

2. How many quarters were completed in 1947?
3. How many were under construction at December 31, 1947?
4. How many were under construction or under contract at March 31, 1948?
5. What rentals are charged?
6. How are quarters allocated?

Mr. LAPOINTE:

1.

Permanent	268
Temporary	50
Emergency	923
Total	1,241

2.

Permanent	66
Temporary	406
Emergency	2,115
Total	2,587

3.

Permanent	463
Temporary	733
Emergency	210
Total	1,406

4.

Permanent	1,179
Temporary	628
Emergency	57
Total	1,864

5. Permanent married quarters—No rental as such is charged, but deductions are made from appropriate allowances ranging from $44.00 to $92.00 a month according to rank.

Temporary married quarters—No rental as such is charged, but deductions are made from appropriate allowances in amounts $7.50 less than for permanent married quarters.

Emergency married quarters—Rental is charged at a rate ranging from $17.10 to $20.00 a month depending upon utilities, fixtures, and services provided.

6. The commanding officer of the unit or establishment concerned makes the allocation, taking into consideration the need for accommodation and the size of family.

EDUCATION OF CHILDREN OF SERVICE PERSONNEL

Mr. GOLDING:

1. Have any schools been opened by the Department of National Defence for the education of children of service personnel who are stationed at places where normal educational facilities are not available?
2. If so, where are these schools located?
3. What numbers of children are enrolled at each school?
4. What arrangements have been made with provincial authorities?

[Mr. Dickey.]

Mr. LAPOINTE:

1. Yes.

2 and 3. Location of school—Attendance

Camp Borden, Ontario, 309; Barriefield Military Camp, Ontario, 172; Shilo Camp, Manitoba, 102; Fort Churchill, Manitoba, 20; Rivers, Manitoba, 43; Currie Barracks, Calgary, Alberta, 138; Fort Nelson, B.C., 15; Goose Bay, Labrador, 41.

4. The Department of Education of Ontario pays 50 per cent of the approved operating costs, assists in procurement of teachers and provides inspection services for Camp Borden and Barriefield schools. It also assists in selection of teachers for the Goose Bay school.

The Department of Education of Manitoba assists in the procurement of teachers and provides inspection services.

The Department of Education of Alberta assists in the procurement of teachers and provides a grant of $275 per room per annum.

The Department of Education of British Columbia provides a grant of $1,100 towards the teacher's salary.

SASKATCHEWAN FEDERATED CO-OPERATIVES—STEEL WIRE FOR THE MANUFACTURE OF NAILS

Mr. THATCHER:

1. Have the Saskatchewan Federated Co-operatives applied to the steel controller for a quota of steel wire for the manufacture of nails?
2. Has the company indicated that it is prepared to commence manufacturing nails?
3. Has it asked for an assurance that it can obtain import permits for the necessary machinery in order to go into production?
4. With what reply has the request been met?

Mr. McILRAITH:

1. Yes.
2. Yes.
3. Yes.
4. The co-operative has been advised that application for the import of machinery will be considered by the department and approval granted where it can be shown that the production of items from these machines will be of assistance to Canada's economy.

No assurances have been given in the matter of steel; this for the reason that there is only a limited quantity of steel rod available for nail production and this is being channelled to operating nail manufacturers. The quota of nail rod could only be increased at the expense of wire manufacturers for the agricultural trade, and this would not appear to be a solution. Further tonnages of nail rod for Saskatchewan Federated Co-operatives could only come from tonnages allotted to manufacturers at present producing nails. To grant

this request would only result in a dislocation of nails in the normal distribution channels, and this would undoubtedly react unfavourably on certain localities and would not increase the total output. As nail manufacturers are endeavouring to supply all markets with such stocks as they produce, there would appear to be no useful purpose served in disturbing the present pattern.

FILM BOARD—COLOUR PRINTING AND RECORDING

Mr. FRASER:

1. Did the national film board have any or all their kodachrome (colour) printing and recording done in the United States during the year 1947 and the first four months of 1948?

2. If so, what was the total cost of this printing, recording, etc., in United States dollars, during 1947 and the first four months of 1948?

Mr. McCANN:

1. Yes. Until December 1947, no commercial laboratory in Canada would quote on production runs of kodachrome printing. The national film board had conducted experiments in kodachrome release printing during the year. In December, following the Canadian government's dollar conservation program, printing materials were shipped from the United States to Ottawa and by January 1948 the greater part of kodachrome printing was being done at the national film board, Ottawa.

It has been possible to make a very large reduction in kodachrome printing orders placed in the United States. However, it has been necessary to continue to have a limited amount of printing done in the U.S. Where certain kodachrome films are being distributed in the U.S., it has been found cheaper to have additional prints made in that country rather than do the printing in Canada and pay customs charges, express charges, etc., which would be levied if the prints were made in Canada and then shipped to the United States.

2.

	1947	Jan.-Apr. 1948	Total
Printing ...	$60,119.05	$5,951.09	$66,070.14
Recording ..	7,694.83	.. ..	7,694.83
	67,813.88	5,951.09	73,764.97

WAR VETERANS ALLOWANCES

Mr. WINKLER:

1. How many veterans of world war II (not veterans of world war I) are now in receipt of war veterans allowance?

2. What age groups do they cover?

3. How many are married?

Mr. GREGG:

1. Recipients in respect of service in world war II: 490.

2. 20-24 years, 8; 25-29 years, 42; 30-34 years, 47; 35-39 years, 30; 40-49 years, 97; 50-59 years, 141; 60 and over, 125.

3. 358.

VALUE OF CANADIAN FISH EXPORTS

Mr. ISNOR:

What was the dollars and cents value of Canadian fish (and fishery products) exported in the years 1938 and 1947?

Mr. McILRAITH: Calendar year 1938, $26,530,513; calendar year 1947, $82,359,203.

BOARD OF PENSION COMMISSIONERS AND WAR VETERANS ALLOWANCE BOARD—SALARIES

Mr. WINKLER:

1. What was the salary paid to (a) chairmen (b) board members from 1936 to 1945 of (1) board of pension commissioners; (2) war veterans allowance board?

2. To what sum were these salaries increased in 1945 in the case of (1) board of pension commissioners; (2) war veterans allowance board?

3. To what sum were these salaries increased in 1948 in the case of (1) board of pension commissioners; (2) war veterans allowance board?

Mr. GREGG:

Return at May 5, 1948, showing annual salaries:

1. Canadian Pension Commission (formerly Board of Pension Commissioners for Canada):

(1) (a) $7,000; (b) $6,000.

(2) (a) $9,000; (b) $7,000.

A commissioner was appointed deputy chairman at a salary of $7,500 effective September 1, 1946.

Chairman's salary increased to $10,000 effective January 1, 1947; deputy chairman's salary increased to $8,000 effective January 1, 1947.

(3) (a) and (b). No increase.

2. War veterans allowance board:

(1) (a) $7,000; (b) $6,000.

(2) (a) No increase; (b) no increase.

Chairman's salary increased to $8,000 effective August 1, 1946; members' salaries increased to $6,500 effective August 1, 1946.

3. (a) and (b). No increase.

MOTIONS FOR PAPERS

REGENT PARK HOUSING PROJECT, TORONTO

Mr. KNOWLES:

For a copy of all correspondence exchanged between the federal government, including any minister, department, branch, commission or corporation thereof, and the city of Toronto and/or

the Toronto city planning board, dated since January 1, 1943, with reference to the proposed Regent Park housing project.

FLOOD CONDITIONS—TORONTO AREA

Mr. CHURCH:

For a copy of the report of the federal engineer of public works at Toronto harbour regarding the damage done to the federal government breakwater from Ward's to Centre Island and damages by storms to the groynes erected by the federal government, from Ward's to Centre Island, and a copy of all correspondence regarding damage done by floods and storms at Toronto island during 1946, 1947 and 1948, and a copy of any letter or letters between the government or any officers thereof, and any other person or persons on these matters.

Mr. CHURCH: I ask, Mr. Speaker, that this motion be dropped. The minister has handed me a copy of the report of his district engineer for Toronto harbour on the storm and the damage to Toronto island, which is satisfactory.

Mr. SPEAKER: Dropped.

POSTAL SERVICE

POSTAGE ON FOOD PARCELS SENT OVERSEAS

On the orders of the day:

Mr. E. D. FULTON (Kamloops): Mr. Speaker, may I direct a question to the Postmaster General? Are any discussions going on in the Post Office Department with a view to reducing the postage on food parcels sent overseas from Canada? If not, will the department or the government give consideration to reducing the postage on such food parcels by subsidizing the shipment of parcels to distressed areas abroad?

Hon. ERNEST BERTRAND (Postmaster General): There are no discussions of that question going on now. We have considered it many times but we cannot reduce the rate.

COST OF LIVING

INQUIRY AS TO FURTHER INCREASES IN PRICES OF STAPLE FOOD PRODUCTS

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): I would like to direct a question to the Minister of Finance or the cabinet minister acting in his absence. In view of the further increase in the cost of living as reported by the bureau of statistics, what action does the government intend to take to prevent further increases in the cost of at least staple food products, such as milk, meat, butter and bread?

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance): I shall see that the question is brought to the attention of the Minister of Finance.

[Mr. Knowles.]

PRIVILEGE

MR. POULIOT—REFERENCE TO REPORT IN PETERBOROUGH "EXAMINER" OF APRIL 21

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, I rise on a matter of personal explanation. The Peterborough *Examiner* of April 21—

Mr. FRASER: A good paper.

Mr. POULIOT: Yes. It referred to certain remarks made in the House of Commons by several members about the "Red Dean," who was swimming in the Black sea with young communists. I mentioned the Very Reverend Doctor Fisher, but at the same time I referred to the former Archbishop of Canterbury, who was the Very Reverend Hewlett Johnson.

Mr. COLDWELL: The hon. gentleman is wrong. The former Archbishop of Canterbury was Doctor William Temple.

Mr. POULIOT: No, not the one the hon. member mentioned. He is dead. I mentioned the one who is alive, and who went to the Black sea and had his picture in *Life*.

Mr. COLDWELL: You mean the Dean of Canterbury?

Mr. POULIOT: Maybe the Dean of Canterbury. But his name is not Fisher, and I apologize. My excuse is that I am not a doctor of divinity and I do not pose as such.

TREATIES OF PEACE

MEASURE WITH RESPECT TO TREATIES BETWEEN CANADA AND ITALY, ROUMANIA, HUNGARY AND FINLAND

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide that the governor in council may do such things as to him appear to be necessary for carrying into effect the treaties of peace between Canada and Italy, Roumania, Hungary and Finland, respectively; and for that purpose the governor in council may make appointments, establish offices and make orders or regulations; and to provide further that any expense incurred in carrying out the treaties shall be defrayed out of moneys voted by parliament.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. ST. LAURENT: Mr. Chairman, this resolution is for leave to introduce a bill consequent upon the action taken in the house

during the last session with respect to the treaties between Canada and Italy, Roumania, Hungary and Finland. Hon. members will recall that these treaties were approved by resolutions of both houses of parliament. Subsequent to the approval, ratifications by His Majesty on the advice of the Canadian government were deposited in the manner required by the treaties to bring them into operation. It is now felt desirable to have legislation passed which will enable the governor in council to take from time to time whatever action may be required to give effect to the provisions of the treaties.

The bill to be introduced following upon this resolution will be in substance similar to the bills that were passed after the last war, one of them being chapter 30 of the statutes of 1919, another chapter 4 of the statutes of 1920, and the third chapter 49 of the statutes of 1922. It is also in substance similar to the bill which was passed almost a year ago, I think, by the parliament of the United Kingdom. I understand a similar bill is now before the parliament of the commonwealth of New Zealand.

The terms of the bill are in substance exactly the same as those of the bills which were thus adopted to empower the governor in council to do whatever might be required to carry out the provisions of the treaty. Hon. members will recall that the British system is not the same as the United States system, where a treaty automatically, upon approval, becomes the law of the land.

Last year parliament was asked to approve these treaties. That makes them binding obligations between this country and the other party to the treaty, but it does not constitute legislation effective upon Canadian citizens; and this procedure is the one that it is usual to adopt in connection with the implementation of treaties, after they have become binding between this country and the other party thereto.

Mr. HACKETT: Will the minister say if the implementation of the treaty raises the vexed question of jurisdiction between the dominion and the provinces?

Mr. ST. LAURENT: That question might arise if the governor in council did adopt orders in council to implement the treaties which in their effect trenched upon property and civil rights in the provinces. But, of course, no action taken here, or no action taken by the government, could be effective if it was not within the constitutional powers of the authority taking the action. For instance, there is a provision in these treaties that the period of the war is not to operate for the purpose of the application of the statute of limitations. That may very well be something that is within provincial jurisdiction, and the question might arise whether any order in council passed by federal authority under the statute that it is proposed to ask parliament to adopt was valid or not. In our own jurisdiction, Quebec, I think that the interruption of prescription would be automatic, because of the impossibility of a creditor, affected by the state of war, pursuing his recourse. Our code provides that whenever the creditor is prevented from exercising his right, the period of limitation against him does not run. That is the general principle which is embodied in the treaties here. There were similar provisions in the treaties made after the first world war. There was an order in council which purported to make them effective, and I do not think any litigation arose over them.

Mr. HACKETT: The minister will recall that a number of statutes which were enacted by the government led by Mr. Bennett, as he then was, were attacked because their jurisdiction rested upon that clause in the British North America Act which purported to empower this parliament to enact legislation giving effect to treaties. We know what answer the courts gave in those cases. I want to know whether the present government would be relying upon an emergency, for instance, to enact legislation which it could not enact under the section of the British North America Act as interpreted by the courts when they disallowed the Bennett legislation.

Mr. ST. LAURENT: Oh, no. There is no assertion of a constitutional principle here. This is merely empowering legislation to authorize the governor in council to do what parliament might do by specific legislation in each instance.

As a matter of fact I inquired if there had been very much that had to be done after the first world war to implement the treaties. I found that in fact there was very little, but there was something done, and there will have to be something done at this time, to deal with property which during the war was vested in the hands of the custodian of enemy property. There are matters of that kind which do arise and with which it is necessary to deal. But there is a special provision here, because I wanted to anticipate any objection that might arise in that connection, that any order in council will have to be tabled in parliament within a fortnight if parliament is in session, and if not, within the first fifteen days of the next ensuing session.

Mr. CHURCH: I wish to call the attention of the minister to the fact that Canada has been at peace with these countries since the close of the German war. In the first place since the end of the war these countries, or three of them, have become Soviet satellite countries. I refer to Roumania, Hungary and Finland. What is the policy of the government with regard to some of these changes that will have to be made in the treaty as a result of Soviet action?

In the second place, I was opposed to the doctrine that Canada could sign these treaties separately from the mother country. Canada secured that right back in the early twenties. At that time we got the power to sign treaties as Canada, separately from Britain. We have been at peace with these countries for years, but they have now become Soviet satellite countries. Finland is a Soviet satellite. Russia has secured a port at Petsamo in Finland. What they want it for I do not know. Roumania has become a Soviet satellite nation, and so has Hungary.

I am opposed to the policy of our dealing with a matter such as this at this time. At Lake Success, where these matters are supposed to be discussed, a stand should have been taken regarding these nations. All the scare and all the clamour raised by Russia at Lake Success was for home consumption in Russia, where, if they had been left alone by the UNO, the people had enough trouble of their own to occupy their attention.

The government should give us further information in this matter if we are to establish offices in these different places, though I do not see why they want to do so. Who wants to go to any Russian satellite country such as Roumania or Hungary at a time like this? These countries are Soviet police states; that is all they are. They are absolutely under the control of this dictator country.

Clemenceau said that Britain was the most difficult country in the world to make treaties with because it always speaks with so many voices. We have no navy, army, or air force; we have no means by which to protect our interests with these people at the present time. As I said last night, if Lake Success were to be closed for a year or even six months we might begin to talk about redeeming some of these countries, which are simply police states under Russia. If we were going to sign treaties with these nations why have we waited for two or three years to execute them? As far as Canada is concerned, this is a separate nation under the act that was passed away back in 1921 or 1922. I do not know why we have waited for three or four years to sign treaties which were ready two or three years ago. Why bring it up now? As for establishing offices in these countries, you are simply going to get into trouble. I was glad to see my hon. friend the member for Winnipeg North Centre (Mr. Knowles) go over to Moscow as a delegate from the dominion, but at the time, on one occasion when he was speaking to a former minister of health, I suggested that the government had better send over a bodyguard with him because I was afraid they might kidnap him while he was in Moscow.

Mr. POULIOT: I remember that in August 1940 there was quite a fight for the prorogation of parliament, but instead of that, parliament was adjourned so that the members could be called together at any time to decide important matters during the war. There was a special session in November of that year and it was adjourned, and during the adjournment Canada declared war on five countries. I have never understood why a declaration of war on any country was not a grave enough matter to call the members of parliament together at any time of the year, but during that brief period of time, shortly after the adjournment, Canada declared war on five countries. And still we call ourselves a peace-loving nation.

Not only that, but what business did we have to declare war on Roumania, Hungary and Finland? We did not send a man to fight them. We did not send a plane. We were at war with these nations because the United Kingdom had declared war. This is something I have not understood on the part of a peace-loving nation. The declaration of war on Italy had a certain sense, and our boys went there to fight on the soil of Italy.

One day I telephoned the Department of External Affairs and asked one of the higher-ups to tell me with what countries we were at war. He replied, "Wait a minute; I am not sure about that. You had better ask somebody else". I had to telephone two or three of the higher-ups to find out with what countries I as a Canadian citizen was at war. I did not know with whom I was at war and I could not be told by the experts.

If the name of Bulgaria does not appear here, with Italy, Hungary and Finland, it is because Bulgaria was forgotten by the experts in the Department of External Affairs when Canada ceased for a moment to be a peace-loving nation. But we continue to consider these men as experts. I have the highest regard for my chief, the Prime Minister; I have the highest regard for the present Secre-

tary of State for External Affairs, but I ask them to get rid of the nonentities in the Department of External Affairs, who take themselves so seriously.

Imagine! The more countries we are at war with the greater country is Canada. I afterwards asked how many men we had sent there and what we had done to fight them. Nothing at all. But we were at war. This is idle talk, and I wonder what the influence of Canada is in the drafting of these treaties. Did Canada dot an "i" or cross a "t" in the manufacture of those treaties? Canada had nothing to do. We have the role of *suiveux,* blind followers, in all these treaties. If Canada had had something to do with the discussion of these treaties, with the ratification of them, we could consider the thing seriously; but I remember reading not long ago that my right hon. friend the Secretary of State for External Affairs had complained about the fact that Canada was not consulted at all concerning the manufacture of treaties—the fabrication of treaties. It was left to the big powers. That is why I find the set-up of the united nations is all wrong. It is because the basis of the united nations is not the basis of right, it is not the basis of justice. It is the basis of might, the same that prevailed in Germany at the time of the kaiser. Might is right. These big ones do everything.

Have we heard that any country besides the big ones had anything to do with it? Moreover, an important senator was silly enough to say that the Prime Minister would lead the small nations at San Francisco. This made me so indignant, to think that Canada was a small nation. That such a thing was said by a cabinet minister who has a seat in the senate was an insult to all of us, because Canada is not a small country. Canada is a great country. If Canada is merely a small country it was not led by the Prime Minister at San Francisco, although I suggested in the spring of 1945 that the Prime Minister should be made president of the conference at San Francisco. At the time he was not interested in having that presidency, but it would have been worthy of him, a man of his experience, who has occupied the post of Prime Minister longer than any man within the British empire has held such an office.

Therefore, sir, I find all the discussion concerning international affairs childish. It is not serious. This was—with Hungary, with Roumania, with Finland—a theoretical war, a war on paper. How is it that a peace-loving nation decides to declare war and do nothing afterwards? It is shadow-boxing in order to give the illusion that we are prizefighters. That is all it is. Roumania owes Canada $20,000,000 plus compound interest over the period since the first war. I wonder if Russia is ready to endorse Roumania's note to Canada for that amount? Twenty million dollars is a large sum of money. It represents the amount of money that Canada has voted for the children of Europe. Why do we not get something from Roumania? If Roumanian people have property here, why do we not confiscate it in payment of the amount which has been due to us for such a long time? There was gold here which was deposited in Canada by debtor countries. Why do we not hold what we can get to compensate us for the sacrifices we have made and the loans that we have made to all the nations of the world?

I shall not say any more about the matter, as I do not want to carry the discussion too far. But if all these things are to be adopted, they should be adopted as a matter of course or as a matter of routine, because we had nothing to do with the making of the treaties and nothing to do with the actual war with those countries. It is a great mistake to follow blindly the external policy of the United Kingdom. Why? Because the independent nations will consider Canada as a satellite of England just as the Ukraine, Roumania, Hungary and Finland—although Finland not so much—are supposed to be satellites of Russia. If we act with regard to Great Britain in the same way as the satellite countries act with regard to Russia, we shall be considered by the rest of the world as a satellite of England and we shall deserve their contempt. It would be much better for Great Britain if there were more vigour and independence in the external policy of the dominions of the British commonwealth. Australia set a great example during the post-war period. Australia was respected by the whole world, even by those who did not agree with her policy.

I believe that each one of us should have pride in his country, that he should be a Canadian first and should be ashamed to follow blindly the long and winding policy made by the long-beards of the foreign office. They have been instrumental in the disruption that is taking place now throughout the world. Their policies were responsible for the massacre of Turkey a long time ago, of India, of Palestine, and for the division and disruption of the British empire.

We are a young nation. Let us show that we can lead the world in the path of honesty and order. We shall never do so if we follow blindly the policies, full of intrigue, of other countries.

Mr. COLDWELL: This is a resolution, Mr. Chairman, which indicates that a bill will be brought before the house. I do not propose to

say much at this stage except to make a suggestion. When the bill comes before the house no doubt copies of the treaties will be attached to it, or in any event they will be supplied to members of the house.

Mr. ST. LAURENT: They were distributed to members during the last session.

Mr. COLDWELL: Yes, that is right. They are in our files.

Mr. ST. LAURENT: Hon. members have them on their individual files.

Mr. COLDWELL: In order to have a more intelligent discussion of these treaties—because this resolution gives the governor in council power to do all things that may be necessary to carry into effect the treaties that have been made—I suggest that the matter be referred to the external affairs committee, where the minister and the officials can be in attendance, and we can discuss the matter more informally and perhaps get more out of it than we could in any other way.

Mr. ST. LAURENT: There will be no objection on the part of the government to the bill being referred to the committee on external affairs. But a reference to the records of the meetings of that committee of last year—and I think the members of the committee are the same as they were last year—will indicate that they did a good deal of work on the treaties.

Mr. COLDWELL: Yes, that is right.

Mr. ST. LAURENT: Hon. members will probably find that they will not be required to do much more in order to bring themselves quite up to date in respect of them.

Mr. FULTON: I wanted to ask the minister a question on a matter which was touched on by the hon. member for Temiscouata (Mr. Pouliot). Will the minister be kind enough to refresh our minds by a brief statement on the part which Canada played in the drafting of these respective treaties? I recall that with respect to Germany we were denied any part whatsoever; but with respect to some of these minor countries, and particularly Italy, it was my impression that we were at least given the opportunity of expressing our views. If that is so, I should like to know whether in the minister's opinion our views were helpful, and whether any of our views were adopted; because we certainly played no small part in the war in Italy, both before she withdrew and afterwards, and in liberating that country.

Then if the minister would be kind enough to deal with another matter which is related, I think it would be of great interest. It appears now that treaties of peace with Germany may be concluded separately by Russia and the western nations. If that is so, it gives us a fresh opportunity to renew our rightful request that we should have a voice in the preparation of whatever treaty of peace is finally concluded with Germany. Would the minister care to touch on that matter also?

Mr. ST. LAURENT: I will say just a word on the last matter referred to by the hon. member. Then perhaps he would like to hear the Minister of National Defence (Mr. Claxton) who attended the conference for the preparation of these treaties, answer briefly the other part of his question.

With respect to the German treaty, the government of Canada has taken the position that in the preparation of the final treaty it should have a part commensurate with the part we took in the war. That is still the attitude that is being maintained. At the present time, however, negotiations are going on between the powers occupying the western zone—the United States, the United Kingdom and France—for not a permanent but rather a semi-permanent solution for the western zone, pending the time when a general treaty, or the possibility of making a general treaty, can be envisaged. In the preparation of these semi-permanent solutions, these powers have seen fit to accept the intervention of the Benelux countries, which border upon western Germany. We have been kept informed of what has been going on, and we have not insisted on being present at that stage because if we did it would be a reason for bringing in a great many other countries, which might hamper or retard the progress being made in trying to bring some semblance of order and reorganization into this zone—a very important zone not only to the Germans who inhabit it, but to the whole of western Europe. Its restoration, not to the extent of becoming again a menace to its neighbours but to the extent of taking its part in the integrated economies of western Europe, is important to the whole of western Europe; and because it is important to the whole of western Europe it is of direct interest to us.

For that reason we have not wished to appear to be attempting to put forward technical claims which might require the occupying powers, in order to give offence to no one, to invite all those who had declared war against Germany; this in our opinion would have had a delaying effect on the measures the occupying powers are trying to take to bring about some semi-permanent solution of the problem. But we are still insisting that when it comes

to the making of the final peace with Germany the powers who took a substantial part in the winning of the war shall be given a role proportionate to their importance in the conflict.

Mr. FULTON: Then from what the minister says I take it we would be justified in concluding that if it should become necessary to write separate treaties of peace; if things should reach the point that the difference between the east and the west could not be resolved, the three western powers who are now the occupying powers would accede to our request?

Mr. ST. LAURENT: The three occupying powers have supported our contention that we should take a part in the preparation of the general treaty, so from that I take it that if they were going to do something separately, with respect to their own zones, they would take toward our claim the same attitude they adopted when it was put forward at the meeting of the big four.

Mr. POULIOT: The minister was very generous in answering so fully questions that were completely out of order. This has nothing to do with a peace treaty with Germany. It mentions treaties with four countries: Italy, Roumania, Hungary and Finland. I would ask the minister what Canada had to do, if anything, in the preparation of the treaties with those four countries.

Mr. ST. LAURENT: That was the first part of the question by the hon. member for Kamloops, and I asked if that might be answered by the Minister of National Defence, who represented Canada at the conference where these treaties were drafted. If it will satisfy the hon. member for Temiscouata I think he will get the information he wants from the statement of the Minister of National Defence.

Mr. CLAXTON: Mr. Chairman, the questions which have been directed to the ministry with regard to these treaties relate to what grew out of the meeting of the council of foreign ministers at Potsdam in 1945 and the conference held in Paris in 1946. At that conference, as hon. members know, the Canadian delegation was headed by the Prime Minister until his departure for Canada, when it became my honour and privilege to succeed him.

This matter has been before the house on several occasions already. In an appendix to *Votes and Proceedings* for February 10, 1947, will be found a report from myself to the Secretary of State for External Affairs on the work done at the conference. On March 3, 1947, as reported at page 952 of *Hansard,* I made some remarks in the house on the work of the conference and what was done by the Canadian delegation there. If my recollection serves me aright, though I would have to check this again, there was some further discussion on June 30, 1947.

With regard first to the nature of the conference, in those statements there will be found a thorough-going criticism of the adequacy of the conference and of that kind of treaty-making. What is more, that criticism was voiced not in Canada alone but also at the conference itself, by the Prime Minister while he was there and by myself. The views that were then advanced received support not only from representatives of the middle and smaller powers there, but also from some of the greater powers.

I am sure it is not the wish of hon. members that I should delay these proceedings except to refresh their memories by these references. But when we come to consider Canada's interests with regard to these treaties I think once more we must recall the fact that the first Canadian corps constituted the third largest force which fought the whole long way from Sicily almost to the banks of the Po in Italy, and that the graves of more than five thousand Canadians who gave their lives in that fight remain in Italian soil. If anyone should question our interest in this, apart from the fact that Canada made a major contribution to victory on the Mediterranean front, then I would reply that this interest was not questioned at Paris. It was interesting to note how day after day we would be carrying on our deliberations at the Luxembourg, and in between those deliberations the nations interested in the outcome of these treaties would be sending in their recommendations and sending around their delegations in order that they might have our understanding, our sympathy and if possible our support for the points of view they were putting forward.

With regard to our interest in declaring war on Roumania, which was the question raised by the hon. member for Temiscouata—and a very natural and proper question—at the moment I do not know how many members of the Royal Canadian Air Force flew over Roumania or Hungary or some of these other countries during the war. There were quite enough of them, however, to make it important for them and for us to see that in case of a forced landing in those countries they should have the rights accorded to belligerents. Without these declarations of war our men

flying those planes, on missions which undoubtedly were of the utmost importance in the allied cause, when forced to land might have been treated quite differently from the treatment they received as belligerents. When you get men of this type undertaking missions of that kind, men with the kind of courage required to fly off into night and space, even beyond the range of the normal flight of their planes, it is up to us to give them protection. They were belligerents fighting for us, declared to be such and recognized as such. I am sure that the hon. member for Temiscouata will recognize that from the national and patriotic and humanitarian point of view that is a sufficient answer. It is certainly the answer which, as Minister of National Defence, I would wish to give.

With regard to our exploits in these fields I would draw the attention of hon. members to the fact that there has been delivered to them a book entitled, "The Canadian Army, Official War Summary". This was issued just today, almost three years from the termination of hostilities in Europe. I think hon. members will find in this book a true and fine objective account of the exploits of our soldiers in the fields of action to which these treaties relate. The navy and air force stories will come later.

All three branches did their part in bringing about a cessation of hostilities so that we might have formal peace with these countries, in the hope that from that peace we might build a foundation for a better future, not only for the countries themselves but for our own country. Our interest demands that there should be peace in these countries as well as here, and that just as soon as possible trade should be established on a sound basis with those countries as well as with all other countries.

In the prosecution of that end, your delegation, first under the Prime Minister and then under my direction, worked steadfastly at Paris. I believe we made a contribution similar to that made by the seventeen powers who were not great powers. I believe we earned the respect of the countries with whom we were working. I believe that if you compare the draft treaties and the discussion with the final treaties as signed you will see that there was some improvement. There was not nearly as much improvement as we would have liked, nor was it the kind of conference which we would have liked or which we hope will be set up with respect to the treaties of peace with Germany and Japan. But in consequence of the discussions at Paris the treaties were better than they would have been had the representatives of the seventeen smaller powers not been there.

[Mr. Claxton.]

Had we not been represented and taken as effective a part as we could in the discussions at Paris the people of Canada would have been the first to say that we were remiss in our duty. We did the utmost we could within the terms of reference, working in close co-operation with the other countries that were there. We achieved something, but not nearly as much as we would have liked. Our hope is that the views expressed by Canada at Paris, and since, will have some influence in persuading the three or four great powers that we should have a more effective voice in future treaty making, and that the part we played in the war must be fully and adequately represented in the part we can play in building the foundations of peace.

Mr. POULIOT: Mr. Chairman, unquestionably you and I have been deeply moved by the pathos of the Minister of National Defence, but he has not answered my question. He said that in the future he hoped that something better would be done concerning treaties. I have not his exact words, as I did not have my pencil in hand; but he gave us the impression that in the future Canada would be better represented than in the past. That is my impression of what he said, and that is quite creditable.

He spoke of the conference in Paris which he attended. I want to know if the four treaties mentioned in the resolution were prepared at that conference. I want to know if the drafts were made there. What part was played by Canada in the making of those drafts? What suggestions were made by Canada? Were any suggestions made by Canada not accepted by the big powers? I have in mind what was said in Paris by the Prime Minister in 1946 or 1947 that we expected nothing out of the war. Therefore I want to know clearly and precisely what suggestions were made by the Minister of National Defence at the Paris conference. I want him to tell us if the original drafts of these treaties were prepared at the Paris conference. I want to know what changes were made, and what changes suggested by Canada were refused by the big powers.

We have been told the story of our airmen who flew over Hungary. At that time we were allied with Russia, and Russia is still one of our bosses, being one of the big powers. I would remind the Minister of National Defence that I was told by the government that no man had been sent by Canada to any of these countries except Italy. I asked that question in respect to Italy, in respect to Bulgaria, in respect to Hungary, and in respect to Austria. The only men who went to

Austria were prisoners of war who had been captured at Dieppe. They were in the Tyrol, but they were there as prisoners of war, not as belligerents.

Who told me the truth? Was it the cabinet minister—I do not remember just which one, but I have only to look at *Hansard* to find out —who answered and told me that not a single Canadian had been sent to those countries; or was it the Minister of National Defence, who has just said that our airmen flew over those countries? There may have been some airmen in the R.A.F.; I do not know how many R.C.A.F. men were sent there, how many R.C.A.F. units. If that was so, why was I told that no Canadian had been sent to those countries?

I want the minister to be more definite and precise and less sentimental about these matters so that the house may be really informed. He was at Paris as the representative of this country, and it is time that he gave an accurate account of his mandate and told us what was done there. He should tell us what he did as representative of Canada and what part he played in the drafting of these treaties that are now before us in the form of this resolution.

The minister has travelled the world over. At times he has boasted that he was travelling more than anyone else by air and by all means. His travels must have been useful, and this is the time for him to render an account. I want him to tell us what useful thing he has done, or if he just made speeches over there which amounted to nothing like the one he has just made here.

Mr. ST. LAURENT: Perhaps the hon. member wants a lot, but what he is wanting and asking for today he should have wanted and asked for last year when the matter of approving these treaties was before the house, and when, before the resolution was adopted, it was referred to the committee on external affairs so that all the information that any member wanted could have been made available. The resolution that is before us today is merely consequential upon the decision which was made last year and which is binding upon the hon. member as it is upon every member of the house. The question now is whether or not this house will authorize the government to carry out obligations which this house authorized the government to contract. That is all that is involved at the present time, and for that purpose I submit that more relevant discussion could be had upon the terms of the bill if I am given leave to introduce one.

Mr. POULIOT: I gave the minister enough time to prepare himself to answer today. I will tell my right hon. friend the Secretary of State for External Affairs, that I have the highest regard for him. He was not over there, but his colleague the Minister of National Defence, then acting in another capacity, as minister of national health and welfare or something like that, was there, and now I am asking him for some information. What rule of the house prevents the Minister of National Defence from answering my question if he can? If he can confound me, so much the better. But I would like to hear more than mere words from him.

The Secretary of State for External Affairs told me that the Minister of National Defence would give an explanation. He rose, he opened his mouth and said nothing; and now, because he said nothing, I am precluded from asking him for more information at the very same sitting—just twenty minutes later. When the Secretary of State for External Affairs told me that the Minister of National Defence would answer, I sat down and listened closely to him, and learned nothing. It was just beautiful pathos, and now because the Minister of National Defence has been unable to give complete information to the member for Temiscouata, is the member for Temiscouata to be precluded from asking for particular data? Whoever heard of such a thing? Therefore I insist, sir, that the Minister of National Defence should give all the information that I have asked for, and if he does not give it now, I shall conclude that he is unable to supply it to the committee.

Mr. FULTON: Without his force I do agree with some of the things that have been said by the member for Temiscouata. Particularly I would ask the Minister of National Defence who has indicated that he did make certain suggestions, if he would be kind enough, without unduly prolonging the discussion, to refer to some specific suggestions which he as Canada's representative made, and which were accepted, if any were, by the treaty-making parties; and perhaps he would indicate the effect of his suggestions on the treaty as it finally emerged.

Mr. CLAXTON: There may be confusion between two kinds of suggestions. When I said that I had made suggestions, I was replying to some criticism offered, I believe, by the hon. members for Rosetown-Biggar and Peel and other hon. members of the procedure when the matter came before the house last year. At that time we made some suggestions as to the kind of procedure that should be followed in making treaties of this type.

With regard to suggestions on the five draft treaties that were before the conference, the draft treaties were under discussion for some three months. They had been prepared by the council of foreign ministers, representing the United Kingdom, the United States, the Soviet Union, and France. Those drafts were put before the conference, to which were summoned seventeen other powers, including Canada. The countries there represented had an opportunity of putting forward their views.

The conference was divided into some nine commissions, and views were put forward with respect to many of the provisions of all of the treaties. The discussions went on in the commissions, and I think it would be a fair estimate to say that altogether there were something over one thousand votes taken on the recommendations that might be made by the conference with regard to the text of the treaties. Those votes were cast by the Canadian delegation, as by the other countries represented, according to their instructions and in the light of the best information they had.

The countries there assembled included the United States of America, Australia, Belgium, Brazil, Canada, China, Ethiopia, France, Great Britain, Greece, India, Norway, New Zealand, the Netherlands, Poland, Czechoslovakia, the Ukraine, Union of South Africa, the Soviet Union and Yugoslavia.

It would be easy, if it were desirable, to go back over the records, which are very full, to indicate how the Canadian delegation voted on each one of the issues put forward in each of these nine commissions each day of the conference. The member for Temiscouata did not ask me to do that in his first speech, and hon. members will agree that I answered the questions he put in his first speech just as adequately as they could be answered. But if for any reason he is interested in learning how the Canadian delegation voted on each one of the points put forward with regard to each separate section of each of the five treaties, the records will show that; and if he so desires we shall be prepared to defend each one of those votes as we go along, just as we did in consultation with the other nations represented at Paris. We played the same part that any nation would, faced with that situation at Paris. We heard the discussions, we received our instructions, we considered the situation, and we voted on each point as it came up.

In the final session, in the last three days I believe, hon. members might be surprised to learn that there were something like 250 or 300 votes on different points that had been raised in the different commissions.

We have a record of this as well. If anyone likes to see it he can do so, but he will not be able to do very much about the terms of these treaties. We have passed the resolution through the house. The treaties have been signed, and now we are face to face with one thing only, namely, whether or not a bill will be passed, after its introduction, to carry into effect those treaties in so far as they are necessary to be carried into effect in Canada.

The hon. member for Temiscouata might have made these points in March or June of last year. If he has any desire for information I have the records to give to him, but I do not see that I need detain the committee with that exercise at this time.

Mr. POULIOT: So long as the minister has answered I am satisfied.

Mr. BRACKEN: This resolution has to do with Canada's part in administering certain treaties of peace with Roumania, Hungary, Finland and Italy. There are three sections to the resolution. I should like to ask the minister one question with respect to each of them. These questions have to do more with procedure and administration than with the terms of the treaties themselves.

The first section of the resolution reads as follows:

> That it is expedient to introduce a measure to provide that the governor in council may do such things as to him may appear to be necessary . . .

My first question is a very simple one. Why is it necessary that there be a resolution at this time? Why not the bill itself? I can understand that under our procedure a money bill has to be preceded by a resolution. I am asking only for information. No doubt the minister can give it without much difficulty.

My second question has to do with the suggestion in the latter part of the first third of the resolution, and with respect to the second part of the resolution which reads as follows:

> . . . do such things as to him appear to be necessary for carrying into effect the treaties of peace between Canada and Italy, Roumania, Hungary and Finland, respectively; and for that purpose the governor in council may make appointments, establish offices and make orders or regulations.

My question is, what is the nature of the work to be done? Perhaps the minister can briefly give the committee in simple language some idea of the work that is contemplated under the bill which will be introduced.

The third part of the resolution has to do with the matter of expenditures and reads as follows:

> And to provide further that any expense incurred in carrying out the treaties shall be defrayed out of moneys voted by parliament.

Will the minister indicate whether these expenditures are likely to be large or small sums, whether they are to deal only with the personnel of the department for carrying out certain instructions, or are any large sums likely to be involved?

Mr. ST. LAURENT: May I deal with the questions in the reverse order from that in which they were put? The first has to do with what is contemplated as expenditures. I would imagine that there would be very little, possibly none at all, but the law officers of the house are very careful that there should be a resolution wherever there is any chance that the legislation to be brought down may involve the expenditure of money, because of the requirements of the British North America Act that such legislation be preceded by a resolution. They take no chances because, they say, if it did happen that money was involved, the legislation would be invalid if it had not been preceded by a resolution. There is apt to be very little, if any, and that is why the bill is drawn in the way that if there is any it will have to be by appropriation of parliament.

We do not intend this to be a bill authorizing the expenditure of money. There may be some of the time of employees taken in dealing with various aspects of the liquidation of enemy property, and things of that kind; but if anything required money that was not in the ordinary administrative vote of the department there would have to be a special appropriation by parliament, and it would have to be by a special item in the estimate.

Mr. BRACKEN: The minister does not contemplate anything more than a minor increase in expenditure?

Mr. ST. LAURENT: A very minor increase in expenditure. The nature of the things that may have to be done cannot be determined in an all-inclusive way. The treaties in question provide that enemy property now vested in the custodian may be confiscated and the proceeds retained by us and applied to settle any debt owing to a Canadian for some damage suffered by him as a consequence of the war. There are certain assets which are in the control of the custodian. It will probably be necessary, as it was after the other war, to have someone designated to advertise for claims, to receive the claims, to determine how they will be dealt with for the purpose of ascertaining their validity or not, and then to determine whether there is enough to satisfy them all, or whether there will be only a pro rata payment to each, if the amounts claimed are larger than the amounts available for distribution, and things of that kind.

Then there are provisions in the treaty relating to patents that may have been in existence, valid in this country, in favour of persons who became enemy aliens. Some of those have been taken as enemy property and disposed of. There are matters of that kind. These provisions are reciprocal. There may be Canadians who have rights in enemy countries. Those rights are restored by the treaty, but on a reciprocal basis. Therefore, in order to get for Canadian citizens, for instance, the benefit of a patent a Canadian citizen may have operative in Italy, we have to do something reciprocal for an Italian who may have had a patent operative in Canada. It is matters of that kind which do not affect the relations of governments with each other as such, but which affect the interests of the subjects of the countries which were at war and which are now at peace as a consequence of the treaties and the ratification thereof last September after the house had authorized the ratification.

Mr. BRACKEN: The minister did not answer the first question.

Mr. ST. LAURENT: The resolution was introduced because the law officers were not convinced that there might not be some money involved as a consequence of the bill.

Mr. BRACKEN: It was just because there might be a money aspect to the bill?

Mr. ST. LAURENT: Yes; that was the only reason for the resolution. The reason is that our law officers say that we cannot afford to make a mistake. If we did make a mistake and legislation was passed which should have had a resolution it would be invalid because of the terms of the British North America Act. They say, we would rather have you pass a resolution which may not be necessary than take any risk of passing a bill without one and have it decided afterwards that it required a resolution.

Mr. BRACKEN: I was trying to save the time of two debates.

Mr. MERRITT: The minister made reference to the fact that this treaty would enable reparations to be paid to individuals who have claims arising out of enemy action during the war. I have had a case drawn to my attention which, in fact, deals with a claim for reparation against the crown by an individual which, of course, is not covered by this treaty, as I am well aware. But I want to take this opportunity of saying to the minister that the person who applied to me has fallen into difficult financial straits by reason of

having lost his property as a result of Japanese action in Malaya. He is finding it difficult to get along at the present time, and has had to reduce his standard of living severely. I have been told by the minister's department that, pending a treaty with Japan, no reparation can be paid.

Since unquestionably a peace settlement with Japan is held up by international complications and problems, and since it looks as if it will be considerably delayed, I wish to suggest to the minister that he give serious consideration to his power to authorize the custodian, who now has enemy assets in his hands, to make advances to individuals who are deprived of their settlement through no fault of their own and who are in necessitous circumstances. Will the minister take that into consideration?

Mr. ST. LAURENT: I think the matter has already been looked into. The department and the governor in council can only do the things that parliament has authorized them to do, and that is why we are coming here for authority to implement these treaties. With respect to the making of advances by the custodian to those who have claims, I have no doubt it would be helpful to those who have already submitted claims, but we are not yet in a position to advertise for those claims. We are not in a position to know what reparations we are apt to have available, and it would be extremely difficult for us to come to parliament and say, "Here, authorize us to do such and so", without being in a position to satisfy parliament that it could not ultimately prove to be prejudicial to somebody. I should not like to ask parliament for any wide authority of that kind, and without the authority of parliament it cannot be done.

Mr. MERRITT: Mr. Chairman—

The CHAIRMAN: I do not wish to restrict discussion at this time, but I do not think the discussion on the general powers of the custodian with respect to claims is within the scope of the resolution. I bring that to the attention of the committee.

Mr. MACDONNELL (Muskoka-Ontario): I was struck with the fact that the minister, while indicating that he would have proper regard to the rights of Canada in respect of the making of future treaties, also made it clear that he would not be actuated by a fussy desire to be constantly putting forward every claim that might conceivably be made by reason of our efforts and sacrifices during the war.

It may be said that there are really three considerations which enter into the part a nation should play in peace making. First of all, there are the efforts and sacrifices made during the war. But after all, when we go to the peace table now it is not primarily with the idea of getting something for ourselves, although I realize that, where Canadian nationals are concerned, that does enter in.

But there are two other important considerations which arise. In the first place, there is the contribution that we can make by reason of our knowledge and the association we have had in the affairs of the country since the war, and, thirdly,—this is equally important—there is the question of what we are prepared to do with regard to the follow-through. I take it from what the minister has said that something like that he would agree with, and therefore I welcome what he has said.

Resolution reported, read the second time and concurred in. Mr. St. Laurent thereupon moved for leave to introduce Bill No. 248, to provide for carrying into effect the treaties of peace between Canada and Italy, Roumania, Hungary and Finland.

Motion agreed to and bill read the first time.

NATIONAL HOUSING ACT

AMENDMENT WITH RESPECT TO POWERS OF APPROVED LENDING INSTITUTIONS, ETC.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply) moved that the house go into committee to consider the following resolution:

That it is expedient to present a measure to amend the National Housing Act, 1944, and in particular to authorize approved lending institutions to purchase from Central Mortgage and Housing Corporation mortgages held by the said corporation and to make loans to owners of rental housing projects not exceeding in amount 85 per cent of the estimated cost thereof; to authorize Central Mortgage and Housing Corporation to guarantee an annual return of an amount to be determined by the corporation of rentals from rental housing projects for a period not exceeding thirty years, to make loans to owners of rental housing projects if such loans are not being made available by approved lending institutions; to authorize the governor in council to transfer lands vested in His Majesty to the corporation; and to make provision for the winding-up and dissolution of Wartime Housing Limited and to vest in Central Mortgage and Housing Corporation power to provide rental housing out of moneys which may be appropriated by parliament for the purpose.

Mr. MERRITT: Does the minister intend to make a statement?

Mr. HOWE: Yes.

Before dealing with the legislation proposed in this resolution I would like to comment briefly upon the general housing situation.

Continuing high levels of employment and income, and the high marriage rate, are currently, as in the last few years, placing great pressures on the housing supply. There is still congestion in many parts of the country, and in spite of a large number of new units in 1947 there is much doubling up and over-crowding.

However, in 1947 considerable progress was made. Hon. members will recall that I expressed the hope that the completion of 80,000 units would take place in 1947. Figures recently released by the dominion bureau of statistics indicate completions of 77,000 units. There were about 79,000 starts during the calendar year. The carry-over, or incomplete construction, of 42,000 units was slightly increased over the 40,000 at the end of last year. For the first time since war began, new housing units exceeded net family formation. The margin was about 13,000 units.

Although the objective or target of 80,000 units was substantially accomplished, it by no means solved the over-crowded housing situation. Furthermore, during the last year the cost of construction has risen sharply. Our costs of rental units are about 15 per cent higher than a year ago. In spite of the resulting higher sale prices, the effective demand for home ownership continues. The number of completed but unsold houses is relatively small. For instance, in the city of Vancouver, where proportionately there is more new housing than in any other place in the dominion, completed but unsold houses amount to less than one week's supply of new houses. The same situation pertains generally throughout the country.

I would point out, however, that the greatest demand and need is for rental housing. Many people buying houses are only doing so because they cannot secure rented accommodation. Although the 77,000 completions were large in number, only 22,000 of these units were for rental. The balance were built by or for home owners. Of the 22,000 rental units, some 13,000 were built under government sponsorship. This includes wartime housing units, units constructed by housing enterprises, and our emergency shelter activities. For reasons which I will discuss later there was relatively little activity by the entrepreneur in the rental field. I will be suggesting steps which may be taken to help remedy this deficiency.

Housing completions in 1947 were the largest on record in any one year. This was achieved at a time when capital investment of other forms was at unprecedented levels. By various means the dominion government provided assistance for about one-third of the 1947 housing program. The large number of completions was only possible because the government took very positive steps to facilitate the flow of materials. These steps were of great assistance to private enterprise which saw to the major portion of the 1947 program. Some of these steps included the encouragement of additional production of our shortest items such as soil pipe and plumbing fixtures. As a result of arrangements with the steel companies, the supply of nails was maintained at a very high level. Our policy in respect to timber exports resulted in a sufficient supply of lumber to meet the largest capital investment program we have ever experienced.

As evidence of the beneficial effects of these steps, the average time of construction for a residential unit was substantially reduced. One sample indicates the average time of construction reduced from eleven months in 1946 to eight months in 1947. This reduced time represents a saving in construction cost. This reduction in time of construction has offset, in part, increases in price of building materials and wage costs of about 18 per cent in 1947. I am glad to report that the efforts of my department to secure a greater and more regular flow of building materials have had beneficial effects.

I would now like to deal with the highlights of some of the direct operations by government in the housing field. In 1946 we took vigorous steps to provide emergency shelter units in those communities where there was heavy congestion. These steps were continued in 1947, during which time some 3,800 units were brought into occupancy. In all, through the assistance rendered under the emergency shelter regulations, some 10,000 units have been provided to relieve the most overcrowded conditions. In this work we have had a very full measure of co-operation from municipalities. The present situation is that we have used up practically all surplus buildings suitable for the purpose. But there are indications that the greatest need for emergency shelter is past.

In our rental housing program in 1947, 5,421 units were completed, and we had a carryover of 5,354 units, most of which will be completed during the first half of 1948.

On October 10, 1947, I announced the terms of the 1948 rental program. The arrangement is more favourable to the municipalities than previous operations by Wartime Housing Limited. The type of unit conforms more

closely to current residential development. Arrangements are made with the municipality so that these houses may be sold. Agreements have now been signed for 3,575 units, and negotiations are under way for 5,179 units. By regions the number of units under signed agreements or negotiations, as at April 23, are:

Maritimes, 1,319; Quebec, 415; Ontario, 3,375; Prairies, 2,530; British Columbia, 1,115.

Because we do not wish to enter into winter construction involving extra costs, we will be following the custom of the last two years in accepting applications from municipalities up to June 1, 1948. Whether the dominion will continue in the direct rental field in 1949 is a matter for further consideration. But we will not enter into construction in 1948 unless municipalities make arrangements for rental housing before June 1, 1948.

At the time I announced the 1948 rental program, I expressed the hope that we might complete arrangements for 12,000 units. From the figures which I have already given you, you will notice that a small proportion of the units are in the province of Quebec. Little success has attended our efforts to arrange agreements with municipalities in that province.

Under legislation brought down by the Ontario legislature at its recent session, provision was made for the province to meet half the costs of the municipalities' participation in the 1948 rental program. This legislation is very helpful, and should assist in arranging a larger number of units in the province of Ontario than otherwise would have been the case.

In 1947 it became evident that Housing Enterprises could not produce housing at satisfactory cost levels. Housing Enterprises decided to abandon new projects in 1947 and limit their activities to the completion of the 3,313 units under construction. In August, 1947, the life insurance companies which owned Housing Enterprises, approached us to request that the Central Mortgage and Housing Corporation take over their operations. In light of all circumstances the government accepted this proposal. The corporation has taken over Housing Enterprises Limited and has completed and rented the 3,313 units in the 32 projects.

Mr. MacNICOL: Can the minister give the average rent?

Mr. HOWE: I could not do that at the moment. I will be glad to do it when we are in committee.

The other major form of assistance by the government towards housing construction has been loans under the National Housing Act. It was the largest year in the history of the act, with 10,933 units being approved. The total figures for the year 1946 appear somewhat larger, but they included the loans made to Housing Enterprises Limited. During the first three months of 1948 activities under the National Housing Act are at new high levels. Loans involving 2,371 units have been approved as compared with 888 units for the first three months of 1947. Although the weather is much further advanced than it was last year, these figures show a great use of the facilities of the act.

Because they do not fall within my department, I will not deal with the other governmental activities in the housing field which include a program of housing for married personnel by the Department of National Defence, small holdings under the Veterans Land Act, and loans for housing purposes under the Farm Improvement Loans Act and the Canadian Farm Loan Act.

The government is taking vigorous steps in the housing field. I think it should be emphasized that the limitations are physical rather than financial. Effective demand remains very high for home ownership even at present prices. In view of the high rate of family formation, there is an effective demand for rental housing at almost any rental levels. It is difficult to make an estimate of likely accomplishment in 1948. With the large carryover from 1947, I think it is likely that we will equal 1947 completions. Just how far we can exceed this figure is uncertain. On the favourable side there is a better supply of materials, some improvement in the supply of labour, and an undiminished demand for housing. On the unfavourable side there is the increasing lack of serviced land, and a short supply situation in some items such as steel of all kinds. But in my opinion the most unfavourable factor is the continued buoyancy in the cost of construction.

From time to time we receive requests that the corporation increase its level of lending values. We agree that the lending values upon which National Housing Act loans are based are somewhat less than the present average cost of construction. Nevertheless, we do not feel that we would be justified in capitalizing into long term mortgage debt many of the elements of cost which now exist. A further increase in National Housing Act loans would be an inflationary step and would in itself contribute to higher costs. We realize that with the prices of houses rising and no corresponding increase in National Housing Act loans, equity requirements of the home owner are increasing. Nevertheless, after taking all factors into

consideration, we have decided it would be unwise to contribute further to the general inflationary tendencies, and it is our intention to maintain during 1948 the present level of lending values.

The same problem of high and increasing costs may limit our rental program. Our present policy is that we will not enter into construction of rental units if total costs of all kinds are estimated to exceed $6,800 per unit, which under the rental formula, involves a rental of $37.50 for a five room house. Acceptance of these high costs by us has the effect of confirming the upward trend of prices. We realize that rental housing is needed, but the point has been reached where we must weigh the need for rental housing not only against the very high cost, but also against its contribution to the inflationary trend. Already this difficulty has occurred in municipalities where agreements have already been signed. Our present attitude is that unless arrangements can be made so that a maximum rental level of $37.50 can be maintained, construction will not proceed.

I turn now to the resolution. The proposed amendments to the National Housing Act follow our previous practice of making changes to meet changing situations. The most important of the amendments is the introduction of rental insurance. I have already mentioned that the greatest need in the housing field is for rental housing. The majority of 1947 rental unit completions were by the dominion government. I think that all hon. members will agree that it would be very desirable that there be an increasing supply of rental housing by private enterprise.

The dominion government is in the direct rental housing field because neither private enterprise nor other levels of government is providing greatly needed rental housing accommodation. I look forward to the day when the dominion may withdraw from the field of direct house building. Therefore we are anxious to do everything we can to encourage more private house building. The proposal before the house is designed to make rental housing more attractive to professional landlords and investors.

We have made a careful examination to ascertain the main reason for lack of rental housing by the entrepreneur. A number of builders engaged in the rental field have been interviewed and the whole situation has been thoroughly canvassed. It will be remembered that rentals upon new units are no longer under rental control. Economic rentals in relation to today's costs are readily available. It is our belief that the main deterrent to new rental construction is the fear that although economic rentals will support present capital costs, the day will come when comparable rental units can be built at a lesser figure, with correspondingly lesser rentals. The builder and the landlord know that economic rentals at today's level will see them through. However, they doubt whether present rentals will be maintained.

We believe that the steps to be taken should have the following characteristics:

1. Protection to the builder and subsequent owner against an anticipated decline from the economic rentals determined on the basis of present construction costs.

2. Provide the builder or owner with some incentive for equity investment.

3. The arrangement should retain all the traditional debtor-creditor relationship.

4. The plan should avoid the payment of a subsidy or insurance payments before assistance is needed to protect the position of the owner.

5. It should be a plan which does not interfere with other forms of credit, particularly in the real estate field.

We therefore intend to introduce a plan of rental insurance. Generally it will guarantee that the owner, whether the builder or a subsequent purchaser, shall be assured of sufficient rental income to look after:

(a) Taxes.

(b) Debt service.

(c) Operating expenses.

(d) Repairs, renewals and replacements.

(e) A reasonable return on his equity investment.

Rental insurance will be limited to the class of housing in which we are most interested, family units, renting at not more than $80 per month on a fully serviced basis. Unserviced units would carry lower rental maximums. We will not offer rental insurance in projects which average less than one and a half bedrooms per unit. There will be a requirement that the project consist of eight or more family housing units.

The terms of the contract with the builder will provide that the rents which he may charge for the first three years shall not exceed the limits which I have already indicated. The contract with the builder will guarantee him annual rentals sufficient to meet charges and to provide a 2 per cent return on the equity investment. I would point out that this is a minimum return to the owner when claims are being made under rental insurance. If the rentals received are above the guaranteed

rental level, then the owner's return is considerably in excess of 2 per cent. This guaranteed rental will be about 85 per cent of the economic rental which the owner may charge his tenants during the first three years. The owner will pay a premium for his rental insurance at a rate to be set by the governor in council. Provision is made for a lending institution to make loans up to 85 per cent of the estimated cost of the rental housing project. These are to be direct loans with all the funds to be advanced by the lending institution, rather than the usual joint loans under the National Housing Act. It is felt that these high ratio loans are appropriate as investment by lending institutions because, by virtue of the guaranteed rentals, little risk is involved. There should always be sufficient moneys available to service the mortgage debt and pay taxes. Provision is also made that in the event of a loan not being available, then the corporation may make this type of loan. The maximum rate of interest which may be charged on mortgage loans secured by rental insurance will be set by the governor in council. Provision is made for principal repayments of 2½ per cent per annum. The loan will be for a period of twenty years.

If the resolution is adopted, more detailed examination of the proposal can be made at the time we are in committee of the whole.

Rental insurance is to meet the fundamental deterrent to a satisfactory volume of new rental housing by private enterprise. It will be recalled that under present National Housing Act loans, guarantees by the government are afforded to the lending institution. This new proposal gives the benefit of such guarantees to the builder or the owner so that he will be willing to enter into rental housing which to his mind is hazardous at this time. On the other hand, the lending institutions will be benefited by the government guarantee because they will be assured that the rental incomes will always be sufficient to meet mortgage payments and taxes.

We are not sure of the amount of new rental housing which will result from this proposal. We hope it will be substantial, and every effort will be made to encourage builders to operate under its provisions. It is likely, however, that most of the new housing will be in the moderate rental field because that is the type of housing in which landlords and builders are interested.

Although the rental insurance provisions will be applicable to rental housing of all types, I do not believe that low rental housing—that is beyond rentals of less than $35 a month—can be built at this time without substantial capital subsidies or contributions to rent reduction funds. Because of very high construction costs and because the building industry is now working at capacity, I do not think that the present is an opportune time to attempt initial steps into the low rental housing field. Certainly at this time I am not prepared to recommend capital subsidies or contributions to a rent reduction fund by the dominion.

However, the dominion does not take a dogmatic stand in this matter, and we are willing to discuss with the provinces and municipalities a course of action which would lay a sound foundation for a long term national housing program. The Canadian federation of mayors has already sent us a brief concerning low-rental housing. Their proposals have merit but are not acceptable in their present form chiefly because they contemplate full financing by the dominion government both in respect to capital costs and operating deficits. Whether suitable arrangements for adoption at a more opportune time can be found, I do not know. However, I am quite certain that no suitable arrangements can be found without participation by all three levels of government.

The other main provision in the bill is the winding up of Wartime Housing Limited and the transfer of its assets and liabilities to the Central Mortgage and Housing Corporation. The proposal gives the corporation the power to carry out the functions previously performed by Wartime Housing Limited. It also authorizes the transfer to the corporation of His Majesty's leasehold interest in houses converted under the home conversion plan.

As from January 1, 1947, the corporation has been supplying the management, both for the operation of existing wartime housing units, and the construction of new units. The construction function has been carried on in the name of Wartime Housing Limited. The corporation has been paid a fee for the management of the wartime housing units. Under the new arrangement, the net revenues from the properties would be payable to the corporation, and would be accounted for pursuant to the Central Mortgage and Housing Corporation Act. Hon. members will recall that pursuant to the corporation act, when its reserve fund reaches $5,000,000, all net revenues of the corporation are payable to the receiver general. We believe that it is desirable to have this new function of the corporation conform to its financial pattern set up by statute. Thus, in place of acting as an agent, it will in the future act as a principal with reference to wartime housing operations, and be subject to account for such

operations in the same manner as it must account for its lending operations under the other portions of the National Housing Act.

Other powers given to the corporation under this amendment include authority to make title to crown lands. The corporation is at present engaged upon a sale program of certain wartime housing units and it is desirable that they be in a position to convey title rather than relying upon letters patent. Authority is given to the corporation to make payments to municipalities in lieu of taxes.

The other provision is that moneys appropriated by parliament for new construction shall be a liability of the corporation on such terms and conditions as are approved by the Minister of Finance.

The resolution proposes two other measures of somewhat lesser importance. It authorizes lending companies to purchase mortgages or an interest therein from the corporation. These mortgages may result from sale of wartime housing units or from direct loans under section 31A made by the corporation. The purpose of this amendment is to ensure that lending institutions may acquire mortgages from the corporation.

The other change concerns the limited dividend section of the act. Hon. members will recall that little success has attended our efforts in the formation of limited dividend companies to erect rental housing. It has been suggested that if at the end of the amortization period, say forty or fifty years, the owners might have title to the residual value of the property, then this type of limited dividend company might be more attractive to investors. The important feature of the limited dividend section is to provide low rentals for forty or fifty years with a nominal return to owners. If indeed the reversion of the residual value to the shareholders of the limited dividend company will lend encouragement to the development of such companies, I am sure that there will be general agreement that such a change should be made.

We are continuing to encourage and assist a large volume of residential construction. It is desirable that private enterprise look after as much of our housing needs as possible. However, to the extent that the housing need is not being met in this way, we are continuing to supplement the over-all program with direct construction. Every effort is being made to see that the improvement in the supply of building materials and building labour is maintained. The provisions of the National Housing Act, including the amendments which are proposed in this resolution, will be vigorously promoted. Our attention is directed particularly to ways and means of increasing the supply of new rental housing units.

Our primary concern is to deal with immediate needs. The long term housing problem, including slum clearance, is one which will require working arrangements with the provinces and the municipalities. It is the earnest desire of the dominion government to do all it can within its constitutional limitations to improve housing conditions. Until some long-term basis can be established with the provinces and municipalities, the dominion is doing what it can within these limitations to alleviate the immediate problem and in particular to discharge its responsibilities for that part of the program that is the direct result of war.

Mr. C. C. I. MERRITT (Vancouver-Burrard): Mr. Speaker, this is the first opportunity we have had this year to debate a problem which is still one of grave concern to the Canadian people, no matter what may be going on throughout the world. The minister has given us an interesting resume of housing activities in Canada. Quite apart, however, from what happened last year, I wish to take this opportunity to indicate a concern which has been in my mind ever since the minister made a speech in Vancouver on October 10, 1947.

I am concerned, and nothing the minister has said today leads me to change my mind, that the minister and the government are quitting their leadership in the housing field. I should like to refer to what the minister said two years ago shortly after he was appointed by the Prime Minister (Mr. Mackenzie King) as the housing expediter for Canada. I well remember the comprehensive and vigorous speech he made on that occasion, and I remember my own feeling which I expressed at the time that he was really going to go after this problem and solve it. I think he thought that himself. He threw himself into the task, if one can judge from his speeches, with a great deal of energy. I should like to read from page 3690 of *Hansard* of July 22, 1946, where the minister is reported as follows:

> The legislative and administrative steps which I have outlined today give clear indication of a positive and integrated housing policy. This policy is designed primarily to see to the immediate shelter problem, but it does not neglect the long-term implications of the need of raising the standard of housing for people in this country. In conclusion, I would like to sum up the main principles underlying our aims and objects.
>
> (1) High priority. Adequate housing for the Canadian people is one of the major tasks before us. The utmost effort will be directed towards meeting this need, and the resources of the country will be used to this end.

Later on that summer, in a press release in August, the minister talked about the need for

a definite plan, an organization to implement it and constructive help of all interested in housing needs as the way to meet his objectives. We went on in 1946 and 1947, and the minister set targets of 60,000 and then 80,000, which were met if you take the over-plus from 1946 to make up the deficit in meeting last year's target.

In the meantime a new difficulty added itself to the original problem, which was a shortage of houses and of building materials. The new problem was one of high construction costs and, therefore, one of high rents. A year ago, in February, the minister warned us that the need for rental housing was our chief problem and he put into effect a double depreciation scheme and offered priorities for the building of rental housing. That appears to have failed because, from the minister's own figures, there were only 370 units in respect of which application was made for double depreciation; that is 370 units out of a target of 80,000 and more. It appears, too, from the minister's statement that we have not had much rental housing constructed in the past year. You could see the minister's concern in the speech he made this afternoon that rental housing cannot be provided at rents which the low-income groups most in need of that type of housing can afford to pay. Consequently, when the minister announced in Vancouver his new rental housing policy to take the place of Wartime Housing he rather receded from his enthusiasm of 1946, when he was going to put the whole resources of the country behind a housing drive. He had this to say:

> As far as long-term housing program for Canada is concerned, dominion participation must necessarily be indirect, because of the limitations that I have mentioned. The authority lies with the provinces and the dominion can participate directly only when it is invited so to do.

Then he goes on to say:

> The principal shortcoming of Canada's housing program to date has been the failure to provide sufficient low-rental housing. To meet this shortage, the active co-operation of dominion, provincial and municipal governments is necessary, since the problem is of such magnitude that no one level of government can see it through alone.

We will all agree with that statement, but not with this next one:

> The responsibility for initiating such a program lies with the provinces.

So we find that in the short space of two years his enthusiastic approach to have this housing problem solved has vanished, and the minister and the government are now crawling under the constitution to get out from the responsibility which the minister assumed pretty wholeheartedly in 1946. In my view the government is no longer heading the drive for housing but has abdicated its function and is going to do just as little as it must in this field in the future.

I believe that the basic reason for the change in the government's attitude is that it has refused to enter the field of subsidized low-rent housing for those in the low-income group. The minister knows it is not possible to provide rental housing at rents which those in the low-income group can afford to pay, unless this type of housing is subsidized. This is particularly true of veterans, upon whom the present situation bears most heavily, as some figures I shall cite will show. It is not possible to provide housing, unless it is subsidized, at rents which these veterans can pay.

In the face of the rising costs which the minister has mentioned, a rent reduction scheme and a rent reduction fund to be participated in by the three levels of government constitute, in my opinion at least, the only hope for veterans obtaining housing at reasonable rentals.

It was all very well for the minister to say this afternoon that this is not the time, and that the government is not taking a dogmatic stand on this point. I say to him that this is the time to face up to the problem of subsidized low-rent housing. I say that the attitude taken by the government is very dogmatic indeed. I want to call the attention of the house to a statement made recently by the Secretary of State for External Affairs (Mr. St. Laurent) in a public speech. He said:

> No government of which I form a part will ever pass legislation for subsidized housing.

An hon. MEMBER: Shame!

Mr. MERRITT: That was a dogmatic and definite statement, and I think it is the mainspring behind the minister's recession from his enthusiasm in approaching this problem two years ago. That statement indicates a fatal refusal to face realities in this field.

There is nothing necessarily socialistic about subsidizing housing for the low-income groups. The Secretary of State for External Affairs and no other minister need ever worry about that. Subsidized housing for those with low incomes was introduced in Great Britain in 1920 by a Conservative government, and it has been in operation, and in useful operation, in the United States of America since 1938 or thereabouts.

Mr. HOWE: Is it in operation in either country today? I can tell my hon. friend, if he does not know, that it is not operating now at any rate.

Mr. MERRITT: No one will suggest that either of those countries at the times I spoke of were in any way socialistic. I am not aware of my own knowledge of the answer to the minister's question, but I should be most surprised if Great Britain is not now subsidizing low-rent housing. I know that the Conservative government in Northern Ireland is doing so today. I am perfectly certain that the act in the United States is still on their statute book, and if it is not in operation it is there to be used whenever there is a need for it.

Mr. HOWE: Whenever the costs come down so that it can be made operative.

Mr. MERRITT: The minister says, "Whenever the costs come down so that it can be made operative." I remember making a speech in this house on housing within the last two years in which I complimented the minister on the provisions he had brought in. I made the criticism that they were all good provisions but were one year late. That has been the record of this government on housing since 1945. In the fall of 1945 we on this side of the house, not only in this party but my hon. friends to my left, all urged the government—the minister was not responsible for housing then—to appoint a housing expediter, to put the whole problem in his hands and to get after it. That was done months after it had been urged from this side of the house. We also urged that special steps be taken to expedite the production of building materials. The minister took those steps one year afterwards.

It is not good enough for the minister to say that this is the wrong time to start building this type of housing. This is the time to concert a plan between the three levels of government concerned and to put it on the statute book and to set up your local building and administration organizations. In my view this is the time to put it into effect as well. Even if the minister is correct today that it would not be the proper time to put the scheme into effect, if we wait until it is right to build before we start negotiations, it will take a whole year even to scratch the surface of all the work that must be done before agreement is reached and houses are actually built.

I want to say a word about the specific measures referred to in the resolution. I say that when the minister has recognized that rental housing is the need, when he recognized it a year ago, and when he recognizes it today, the measures he has brought in now are just puny and entirely inadequate to meet the problem that faces so many people across Canada. I was going to refer to these figures later, Mr. Speaker, but I wish to draw your attention to the fact that in Vancouver today there are about 4,500 veterans who have active applications for wartime housing on the list. Of these 4,500, 2,000 are married, have families and served overseas. They want wartime housing only because they are not financially able to buy houses, and they cannot rent at $80 a month or something of that kind. Their only hope is through the wartime housing scheme or the minister's new scheme, which, incidentally carries a concealed subsidy in itself, and forces the municipality taking on the scheme to put up some money as well.

The suggestion of the minister that you can solve the rental housing problem for those veterans in particular, who are most in need, by guaranteeing rents and getting rental units built at rents of $80 a month is quite ridiculous. What is needed is an expansion of the scheme that he undertook in Vancouver in October, by which rents up to $37 a month would be charged. Even that amount is high enough for the income group in most difficulty because of the housing shortage. It will not do any good to produce a house at a rental of $80 a month or something like that. There is a sufficient demand for housing by people in that group to take up the lot of it without any filtering down and making houses available to those in lower income groups. I do not believe that in the scheme the minister is proposing today he has added one unit of rental housing for the low-income group person who wants to rent a house.

In his speech the minister said that the limitation on housing is a physical and not a financial one. I do not think that is true at all. I think there is a definite financial limitation on home ownership today as well as on rental housing, as I have already indicated. The province of Ontario has recognized that fact—the minister commended it a moment ago—and has provided guarantees to lending institutions of part of the prospective home owner's down payment. I believe the guarantee is up to $1,250 a unit. At the same time, in the Ontario Act provision is being made for grants in aid to low-rent housing as well. It may be that all sorts of mortgage money is available in lending institutions, but there certainly is a financial limit on what those seeking new housing can put down as a down payment.

The minister mentioned that the cost of housing had risen; I think he said 15 per cent. The figure I obtained from the report of the Central Mortgage and Housing Corporation was 18 per cent over 1946.

Mr. HOWE: That is the cost of materials and labour, the cost of actual housing 15 per cent.

Mr. MERRITT: Very well. My figures refer to materials and labour, and they have gone up since 1939 a total of 84 per cent to 94 per cent. The minister talks of the average time for completion having been reduced from eleven months to eight months. That is very good indeed; but we must not forget that in 1939 it took only five months to complete a house of a size comparable with the figures given by the minister.

The only new suggestion coming forward from the minister is the idea of stimulating private building of rental housing by means of a guarantee of income. With that in mind, I want to refer for a moment to the situation in my particular city, which I imagine is pretty well typical of any big city in Canada. Earlier I gave the figure of the number of veterans who want wartime housing. I may say that they want wartime housing because they believe it is the only way to get rental housing at a rate that they can afford to pay. That figure is 4,952. At the same time there are 1,500 applications for home conversion units or for emergency shelter units. Therefore, in the city of Vancouver today there are more than 6,000 veterans in the lower income groups who are looking for housing accommodation. When you contrast that with the all-Canada total of 12,000 units, as I understand it, which are contemplated by the minister's new scheme to take the place of wartime housing, you will see that the new plan is just as inadequate as the plan which has been going on for the past two or three years.

I may say that I was quite horrified this afternoon to hear the minister suggest that some of the houses which are proposed to be built under the scheme he announced in Vancouver in October might not be started if building costs continue to rise. We can handle half of them in the city of Vancouver alone. From his figures there are only 1,115 under negotiation in Vancouver, and I should hope that the minister was not talking seriously when he said there was a possibility of a reduction in that number. I should hope the number would be sharply increased if it is possible to get the materials to do so.

The situation in Vancouver with regard to housing is well summed up in a publication of the Vancouver Housing Association entitled "The Housing Situation in Vancouver, January 1948". Under the heading "Over-all Picture", that association says:

> Regarded as a whole, the housing situation, in spite of the apparent building activity, has steadily deteriorated during the past year.

It goes on to say:

> The city's social service administrator, in his annual report for 1947, states: "The situation has greatly deteriorated during the past year. Low-rental housing is not available and social allowances and pensions are so far below the level of economic rentals that it is useless to hope that private landlords will rent quarters at the rates our clients are able to pay."

Later on it points out that, although some 14,800 persons came into the city during the year, the new dwellings completed total only 2,669, and it would take 4,600 houses to handle the newcomers alone.

Mr. HOWE: May I ask what year you are referring to?

Mr. MERRITT: The summer of 1946 to the summer of 1947 is the precise period.

Mr. HOWE: His figures are off.

Mr. MERRITT: The suggestion here in any event is that the situation has got worse in Vancouver by 2,000 houses during 1947. It points out that building permits issued in Vancouver in 1947 were 36 per cent down and, in greater Vancouver, 20 per cent down on the previous year. The drop was partly due to cessation of wartime housing construction, but the basic cause is undoubtedly the rapid rise in construction costs.

That, I suggest, is a situation which is probably typical of every city across Canada, and I see nothing whatever in what the minister has said today that even begins to meet the problem.

I see too, in the figures for the new scheme, another cause for alarm, and it is this. The whole history of negotiations between Wartime Housing Limited and the municipalities has been a history of irritation and long delay because of the inability of the dominion and the municipality to get together on terms.

In Vancouver, which again is the situation I know best, I think the first move toward the construction of new wartime houses in 1947 took place in January or February of the year, and it was not until October, and the minister's speech in Vancouver, that anything was accomplished in respect of wartime housing or its substitute in that city. That has probably been so ever since the end of the war in every municipality, and many additional houses would have been built if it had been possible

for the dominion and the municipality to agree at once on terms and get after the actual construction of houses.

We find that on October 10 the minister announced a new scheme. In the annual report of the Central Mortgage and Housing Corporation it is stated that some 8,000 houses are being negotiated for, but it does not suggest that any have been finally agreed upon and put in hand. The minister has today given some figures which, if I heard them rightly, are to the effect that about 3,500 houses are actually contracted for and some 5,200 are still in process of negotiation.

Here we are, Mr. Speaker, six months after the announcement of that scheme, with a suggested ceiling then of 12,000 houses, and in six months we have only 3,500 agreed upon. I do not know how many of these have been started, probably very few. And that is all we have to show for this new scheme.

I know the minister has blamed my city often for haggling over the terms of these deals; but the minister must know, and undoubtedly does know, that municipal finances are limited, that they have limited sources from which to get funds. All the haggling has been because the municipality was being required to enter into an agreement to subsidize housing without having any certainty that, after they had committed themselves to subsidies, they would in future years be supported by their provincial government or by the dominion government.

I am sure that the reason for all these delays in starting on this problem is that the dominion government has refused to undertake its responsibility of giving a lead in working out with the municipalities and the provinces a definite allocation of responsibility in the housing field, including a definite division of responsibility for the putting up of a rent-reduction fund.

I am perfectly certain that if that were done and if there were an over-all agreement on the part of the three levels of government, and the necessary legislation on all levels to make that agreement workable, with a definite allocation of responsibility for construction and for the financing of projects of this kind, we would not have found in the last two or three years, as we shall find in the future, one dominion government agency trying to fill this essential field and having trouble in negotiating each one of the agreements. We would have found in every big city in Canada a local housing authority making plans because of local needs, knowing exactly what assistance they would get from the municipality, the province and the dominion. Instead of having one agency producing these houses, with friction, we would have across Canada a dozen or more agencies working smoothly and producing a much greater volume of housing. And in that there would be no socialism either. That would be a perfectly proper activity for any government which supports private enterprise. All the work would be done by private contractors in various cities, and the whole community would be behind a plan of that kind.

Every political party in Canada other than this government, the federation of mayors, the Canadian Legion, every social service organization in the country, and the Curtis report on housing, which was produced, I believe, in 1943, have all committed themselves to this principle. This is the one government which has not been willing to move in the direction of subsidizing low-rent housing. It is to a large extent because of that unwillingness that so many people find themselves in difficulty in this rental housing field today.

There are, of course, many other matters concerning housing upon which any one could make extended remarks in the first debate this house has had on the subject this year. But because of the importance I attach to the obtaining of a definite plan on all levels of government as to how low rental housing is to be handled in Canada in the future, I shall limit my remarks on this occasion to that subject only.

Mr. J. O. PROBE (Regina City): I have been a member of this House of Commons, Mr. Speaker, for nearly three years now. In that time I have come to know a little bit about the present Minister of Trade and Commerce (Mr. Howe), the right hon. gentleman who is at present in charge of the federal housing program. When he said this afternoon on several occasions that the government was taking vigorous steps with respect to such things as emergency shelter, whereby 3,700 units were produced last year, and that vigorous steps were being taken to increase the production of this and of that—everything except houses—I do not suppose it would be particularly flattering if I were to say to him it seems to me that those vigorous steps always bring him back exactly to the point from which he started. For three years now we have listened to the same story, and that is that next year is to be the big housing year.

Mr. JOHNSTON: He must have lived on the prairies.

Mr. PROBE: Sometimes those on the prairies believe in next year. Of course they must, by virtue of the weather. They are trying to do something about it this year.

Mr. JOHNSTON: It is not so windy out there.

Mr. PROBE: I am afraid the minister of housing, elections, trade and commerce and so on, is back with his annual excuses. This debate should give the members of the house an opportunity to offer their ideas on what is wrong with the policy of the government, and to offer their humble suggestions as to how some improvement might be made.

In the first place, in my view what is wrong with the minister's housing program, is that the Central Mortgage and Housing Corporation is being run by officials who are trained in terms of insurance company practice or mortgage company technique. They have no other viewpoint. I want to give them credit for full sincerity. I respect the president of the Central Housing and Mortgage Corporation as a courteous and painstaking officer of that company. But the legislation that is offered for the approval of this house is always legislation which tends, in terms of housing, to make reasonably secure the dividend position of the corporations who have moneys to invest or, in certain cases—one of which I shall outline in a moment—to make certain that the contractor himself is protected against financial loss in the construction work he is doing; but the end user, the family man, neither gets a house he can afford to buy, nor is he protected in any way against the policies of the government.

Mr. JOHNSTON: That is the government's fault.

Mr. PROBE: Undoubtedly it is the government's fault. I certainly corroborate that opinion. I do not think there is any other point of view which could be taken.

Mr. JOHNSTON: It is not the contractor's fault.

Mr. PROBE: I shall have a little bit to say about that. I think the contractor is trying, naturally in his own way, to do the job he is supposed to do. But government policy makes it possible for everyone to get satisfaction out of the housing legislation except the people who require it most. The government has gone out of the subsidy and guarantee business, except to the builder, the investment company, and the supplier of equipment.

[Mr. Probe.]

For example, in the case of plumbing, a year or so ago a big guarantee was given to Crane Limited in order to provide extra facilities for the production of plumbing equipment. But no guarantee was given that the end user would get that equipment at a price he could pay. We in this corner of the house have for many years pleaded that housing be made available on proper terms to municipal, co-operative or provincial ventures into the housing field. The minister said that, from a long term point of view, he was prepared to co-operate. I have not his exact language, but I think he said that ultimately there must be some working arrangements with the provinces and the municipalities. We have had three years now since the war ended to get these working agreements well under way, and he is still talking of them as something for the future.

I have here a letter from the Canadian federation of mayors and municipalities relative to this particular point. On the subject of housing it states as follows:

> At a meeting of the executive committee and advisory board of the Canadian federation of mayors and municipalities, held in Montreal on February 14 last, the following resolutions on housing were unanimously adopted.

The resolutions are then set out, and the letter continues:

> These requests have been communicated to the dominion government, but no response has as yet been received.

The letter was written to the members of the House of Commons on March 6, 1948. The federation of mayors and municipalities made a commendable set of recommendations with respect to housing for the consideration of the government. Here are some of their recommendations. With respect to capital costs, first of all, they recommend, in two fields:

> (a) For privately sponsored limited dividend projects:
>
> The federal government to loan 90 per cent of the full construction costs.

They do not wish to restrict the activities to the privately sponsored projects as is now the case, because they include a second field under capital costs.

> (b) For municipal, provincial or federal sponsored projects: the federal government to finance full construction costs.

They give valid reasons for their suggestion. Then, with respect to interest and repayment charges they recommend that, in view of the social nature of low-rent housing, it should be possible for projects falling within this category to be financed at no more than 2¾ per cent, plus an additional ½ per cent to cover

administrative costs, or a total of less than three per cent, with an amortization period of up to thirty-five years.

Then, under the heading, "Housing loans to whom?" they suggest that to facilitate the construction of low-rent housing projects in Canada the federal government should provide loans on the basis and in the manner suggested to three broad groups of agencies: limited dividend housing corporations; local housing authorities, which means a municipality or public body created by a municipality having authority to construct, hold and manage houses built as a low-rental housing project; and provincial housing authorities. With regard to these three, I say this is where the insurance company or mortgage company complex of the department is so evident, for apparently they can do business with none but the limited dividend housing corporations, and find constitutional reasons for having nothing to do with local housing authorities, provincial housing authorities, or authorities of the co-operative type.

Then the federation recommend an annual rental subsidy. They say:

> In order to maintain the character and purpose of low-rent housing projects it will be essential to provide a rental subsidy (based on the family income and size of family) for most tenant householders occupying the property.

And they make this further recommendation:

> This subsidy should be wholly provided by the federal government, for which purpose the federal government should forthwith establish a national rent reduction fund.

Just in connection with the interjection made by the minister a few moments ago, when the hon. member for Vancouver-Burrard (Mr. Merritt) was speaking, it is the contention of this federation that in one form or another there is an annual rental subsidy which has come to be almost universally recognized as the best and most practical technique for overcoming the problem. The basic principle was incorporated before the war in the low-rent housing legislation of the United Kingdom, the United States, Australia, New Zealand and South Africa, and, I believe, in Denmark as well.

Then the federation goes on to make a recommendation in connection with local taxation. Quoting from page 196 of the Curtis report, they say:

> One of the most critical points which past experience has shown will determine the response of cities and towns to low-rent housing legislation is the basis on which the project will be related to the municipal tax structure.

They go on to propose the following formula with respect to municipal taxation:

> For purposes of local taxation of low-rent housing projects the amount of such taxation to be computed by capitalizing at five per cent the maximum rent which the aggregate of tenant families occupying any project would normally pay for non-subsidized housing accommodation;
>
> Or, in lieu of the foregoing, that the municipalities' contribution to the financial costs of local low-rent housing be in the form of a direct contribution to the proposed national rent reduction fund in some equivalent ratio to what would have been the tax concession in terms of the foregoing formula;
>
> Or, in those instances where a municipality is permitted under provincial statute to grant tax concessions of one form or another, that the federal government accept such concessions as the basis of the local financial contribution and that they be proportionately equivalent to what would have been the concession under the formula above referred to.

They go on to make recommendations with respect to technological economies. There is no need to repeat the arguments which have been advanced on many occasions in this house to show that we are using antiquated methods of housing construction, which multiply the cost to the family occupying the accommodation.

Finally they deal with housing loans to families of limited means and say:

> In addition to the foregoing we strongly recommend that the existing National Housing Act be amended in order to provide more liberal lending facilities with a view to encouraging credit-worthy families of limited means to own their own homes.

To that end they suggest that the percentage of housing loans guaranteed to lending institutions by the Central Mortgage and Housing Corporation be established on the following basis: 100 per cent for a dwelling not exceeding $5,000; 90 per cent of any additional amount up to $2,000, and 70 per cent of any amount in excess of $7,000, with interest rates at 3½ per cent and the loans to be amortized over a period of up to twenty-five years.

I now want to take up one or two typical cases of individuals who have had dealings with the Central Mortgage and Housing Corporation.

Some hon. MEMBERS: Six o'clock.

On motion of Mr. Probe the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What is the business for tomorrow?

Mr. HOWE: We will continue with this debate, and follow the program that was announced for today.

At six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, May 6, 1948

The house met at three o'clock.

PRIVILEGE

MR. ISNOR—REFERENCE TO RETURN WITH RESPECT TO INCREASES IN FREIGHT RATES

Mr. GORDON B. ISNOR (Halifax): Mr. Speaker, I rise to a question of privilege in regard to a return, sessional paper 119E, to an order of the House of Commons dated April 26, 1948, which reads in part as follows:

Based on the volume of freight traffic and the cost of operations in 1947, what percentage increase in freight rates was necessary to bring about an even balance sheet—(a) to the Canadian National Railways; (b) to the Canadian Pacific Railway?

The Minister of Transport (Mr. Chevrier) in his statement on May 4, when tabling the return, said that he would include the exhibits covering the operations of both railways. I draw your attention, Mr. Speaker, to the fact that the exhibits cover only the years up to 1946. Since the return is incomplete, it is not satisfactory. I would ask that a return for 1947, on which the increased freight rates were based, be supplied in connection with this return.

REPORTS OF COMMITTEES

INDIAN ACT—THIRD REPORT

Third report of the special joint committee on the Indian Act—Mr. Brown.

DOMINION ELECTIONS ACT—CONCURRENCE IN FIRST REPORT

Mr. W. E. HARRIS (Grey-Bruce) presented the first report of the special committee on the Dominion Elections Act, 1938, and moved that the report be concurred in.

Motion agreed to.

RAILWAYS, CANALS AND TELEGRAPH LINES—FIRST AND SECOND REPORTS—CONCURRENCE IN SECOND REPORT

Mr. L. R. BEAUDOIN (Vaudreuil-Soulanges) presented the first and second reports of the standing committee on railways, canals and telegraph lines, and moved that the second report be concurred in.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 230, for the relief of Hazel Violet Camp Mace.—Mr. Maybank.

Bill No. 231, for the relief of Ada Elizabeth Jeffries Heinz.—Mr. Maybank.

Bill No. 232, for the relief of Mabel Findlay Turner Rollo.—Mr. Maybank.

Bill No. 233, for the relief of Anna Dagmar Dahl.—Mr. Timmins.

Bill No. 234, for the relief of Florence Evelyn White Marshall.—Mr. Maybank.

Bill No. 235, for the relief of Kathryn Mae Richardson Rowe.—Mr. Maybank.

Bill No. 236, for the relief of Margaret Dawson Jamieson Turnbull McKay.—Mr. Maybank.

Bill No. 237, for the relief of Margaret Elizabeth Dunn Vezina.—Mr. Maybank.

Bill No. 238, for the relief of Elizabeth Craig Blair.—Mr. Maybank.

Bill No. 239, for the relief of Charles Henry Kennell.—Mr. Maybank.

Bill No. 240, for the relief of Muriel Frances Pratt Fiddes.—Mr. Maybank.

Bill No. 241, for the relief of Leah Zeiger Rudenko.—Mr. Maybank.

Bill No. 242, for the relief of Ruth Harris.—Mr. Maybank.

Bill No. 243, for the relief of Eva Booth Morrison McCormick.—Mr. Maybank.

Bill No. 244, for the relief of Naomi Evelyn Masterangelo Rosenstein.—Mr. Maybank.

Bill No. 245, for the relief of Jean Lauder Rutledge.—Mr. Maybank.

Bill No. 246, for the relief of Henry George Chartier.—Mr. Maybank.

Bill No. 247, for the relief of Francis Russell Stone.—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WAR ASSETS CORPORATION

Mr. FLEMING:

1. What were the results of operations of war assets corporation for the fiscal year ended March 31, 1948, under the following headings: (a) gross sales; (b) direct costs; (c) net sales; (d) administrative expenses; (e) net proceeds from sales; (f) miscellaneous revenue; (g) total

net return; (h) number of employees at commencement of the fiscal year; (i) number of employees at the close of the fiscal year?

2. What were the total results of operations of war assets corporation for the years 1944 to 1948 under the same headings?

Mr. McILRAITH:

1. The corporation is not in a position to answer this question as the information has not yet been compiled for the fiscal year ended March 31, 1948.

2. July 12, 1944 to March 31, 1947:

(a) Gross sales	$353,200,032.12
(b) Direct costs	43,957,219.86
(c) Net sales	$309,242,812.26
(d) Administrative expenses	14,408,945.49
(e) Net proceeds from sales	$294,833,866.77
(f) Miscellaneous revenue	8,622.05
(g) Total net return	$294,842,488.82

(h) Number of employees at commencement of the fiscal years:

April 1, 1944 (Corporation commenced operations July 12, 1944.)	Nil.
April 1, 1945	944
April 1, 1946	5,416
April 1, 1947	8,803

(i) Number of employees at the close of the fiscal years:

March 31, 1945	944
March 31, 1946	5,416
March 31, 1947	8,803
March 31, 1948	3,217

Note: Figures do not include guards supplied by Canadian corps of commissionaires.

DOMINION COAL BOARD

Mr. McCULLOUGH (Assiniboia):

1. What are the names of the personnel of the dominion coal board?

2. What were their former business connections, if any (a) in Canada; (b) in the United States?

3. What are their present business connections, if any (a) in Canada; (b) in the United States?

Mr. McILRAITH:

1. Mr. W. E. Uren, Chairman; Members—Ian MacLaren, D. W. Morrison, Major-General E. J. Renaud, C.B., C.B.E., Percival Streeter, G. A. Vissac, W. C. Whittaker.

2. (a) Mr. W. E. Uren—Steel controller; timber controller; priorities officer; co-ordinator of building materials, Department of Reconstruction and Supply.

[Mr. Fleming.]

Ian MacLaren—President of Rochester and Pittsburgh Coal Company (Canada) Limited, Toronto.

D. W. Morrison—Mayor of Glace Bay, Nova Scotia.

Major-General E. J. Renaud, C.B., C.B.E.,—Headquarters Quebec command.

Percival Streeter—President and manager of Avon Coal Company, Limited, Saint John, New Brunswick.

G. A. Vissac—Consulting Engineer, Vancouver, British Columbia.

W. C. Whittaker—Secretary-Commissioner, Western Canada Bituminous Coal Operators' Association, Calgary.

2. (b) No business connections in the United States.

3. (a) Mr. W. E. Uren—Co-ordinator of controls; timber controller, Department of Reconstruction and Supply.

Ian MacLaren—President of Rochester and Pittsburgh Coal Company (Canada) Limited, Toronto.

D. W. Morrison—Mayor of Glace Bay, Nova Scotia.

Major-General E. J. Renaud, C.B., C.B.E.—Retired.

Percival Streeter—President and manager of Avon Coal Company, Limited, Saint John, New Brunswick.

G. A. Vissac—Consulting Engineer, Vancouver, British Columbia.

W. C. Whittaker—Secretary-Commissioner, Western Canada Bituminous Coal Operators' Association, Calgary.

3. (b) No business connections in the United States.

QUESTION PASSED AS ORDER FOR RETURN

FARMERS IN CANADA AND NET FARM INCOME

Mr. FAIR:

1. In each of the years 1930 to 1947, inclusive, how many farmers were operating in each province of Canada?

2. During the same period, what was the net farm income in each province each year?

Mr. McILRAITH: The answer to part 1 of this question is not available by years, but it is available for each year in which a census was taken. The answer to part 2 is not available for the years prior to 1938, but is available from that year on. Subject to that qualification, I would ask that the question be passed as an order for return, and I now table the return.

GREECE

QUESTION AS TO CANADA JOINING IN PROTEST AGAINST MASS EXECUTIONS

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): May I direct a question to the Secretary of States for External Affairs? Has the government of Canada instructed our ambassador to Greece to join the United Kingdom in protest against mass executions, intimating that if it wishes to be considered a democratic government it should adopt civilized behaviour appropriate to a democracy?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): The government has received no information from any official sources whatsoever about the matter referred to in the hon. member's question, nor taken any action about it.

Mr. COLDWELL: The British government took action yesterday on the matter.

Mr. ST. LAURENT: We have received no such information.

Mr. COLDWELL: Will inquiry be made by our ambassador?

Mr. ST. LAURENT: I inquired from the office just before I came into the house and was assured that no information had been received from any official source whatsoever about this matter.

Mr. COLDWELL: Will the minister make inquiries about it from our ambassador?

Mr. ST. LAURENT: I will inquire whether any communication is on its way to us. I know of none.

Mr. COLDWELL: I had hoped that the government might seek to get the information.

Mr. SPEAKER: Order.

WHEAT

INQUIRY AS TO EQUALIZATION OF ONTARIO AND WESTERN PRICES

On the orders of the day:

Mr. H. O. WHITE (Middlesex East): I wish to direct a question to the hon. member for Middlesex West (Mr. McCubbin). It arises out of a newspaper article of Wednesday. Will the parliamentary assistant to the Minister of Agriculture confirm the statement he made in a speech at Mount Brydges to the effect that Ontario wheat prices will equal western prices, or that the ceiling will be removed?

Mr. SPEAKER: Order.

Mr. FRASER: That ought to be answered.

Some hon. MEMBERS: Answer.

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): Mr. Speaker, in due course the Minister of Trade and Commerce will make an announcement, and the house can rest assured that the Ontario wheat farmer will be well taken care of.

TRANS-CANADA AIR LINES

AIR SERVICE TO AUSTRALIA—CANADIAN-AUSTRALIAN AGREEMENT

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): May I direct a question to the Minister of Reconstruction and Supply? I believe this matter still comes under his department, despite the transfers announced the other day. Can the minister indicate what progress is being made by Trans-Canada Air Lines in implementing the Canadian-Australian agreement respecting air service from Canada to Australia? Is it still government policy that when this service is put into effect by Canada it will be by the government-owned air line, and not by any private company?

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, owing to the fact that the management of the Trans-Canada Air Lines have been fully occupied in establishing a transatlantic operation, as well as an operation to South America, it has not been possible to give attention to the Australian service. So far as government policy is concerned, I dare say when the matter is considered the government will be able to announce its policy.

Mr. KNOWLES: Has there been any change?

TARIFFS AND TRADE

CANADA-UNITED STATES—QUESTION AS TO REDUCTION IN CUSTOMS DUTIES

On the orders of the day:

Mr. W. ROSS THATCHER (Moose Jaw): Three days ago I directed a question to the Minister of Trade and Commerce. He referred me to the Minister of Finance. My question was as follows:

Has the Canadian government recently made any representations to the government of the United States asking for a new trade treaty to reduce the tariffs between the two nations, this apart from the Geneva or the Havana agreements? If so, has the American government made any response?

Now that the minister has returned from the United States, can he make a statement?

Hon. DOUGLAS ABBOTT (Minister of Finance): My hon. friend's question was brought to my attention, and I should like to reply as follows. Discussions are constantly taking place between the officials of the two countries on all phases of our economic relations with the United States, including, of course, our trade relations. However, the Canadian government have not made representations recently to the government of the United States for a new trade treaty to reduce tariffs. For reasons which must be well known to the hon. member, it is considered that circumstances in the United States at present are not propitious for specific tariff negotiations. I can assure the hon. member that as soon as the circumstances are more propitious the Canadian government will take the earliest opportunity to propose further negotiations for reductions in tariff barriers between the two countries.

NATIONAL HOUSING ACT

AMENDMENT WITH RESPECT TO POWERS OF APPROVED LENDING INSTITUTIONS, ETC.

The house resumed from Wednesday, May 5, consideration of the motion of Mr. Howe that the house go into committee to consider the following resolution:

That it is expedient to present a measure to amend the National Housing Act, 1944, and in particular to authorize approved lending institutions to purchase from Central Mortgage and Housing Corporation mortgages held by the said corporation and to make loans to owners of rental housing projects not exceeding in amount 85 per cent of the estimated cost thereof; to authorize Central Mortgage and Housing Corporation to guarantee an annual return of an amount to be determined by the corporation of rentals from rental housing projects for a period not exceeding thirty years, to make loans to owners of rental housing projects if such loans are not being made available by approved lending institutions; to authorize the governor in council to transfer lands vested in His Majesty to the corporation; and to make provision for the winding-up and dissolution of Wartime Housing Limited and to vest in Central Mortgage and Housing Corporation power to provide rental housing out of moneys which may be appropriated by parliament for the purpose.

Mr. J. O. PROBE (Regina City): Mr. Speaker, yesterday the Minister of Reconstruction and Supply introduced his annual resolution on the subject of amendments to the National Housing Act, and made a statement as to activities in the past year and proposed government policy for the ensuing year. I wish to conclude the remarks I began yesterday by referring to the following points.

[Mr. Thatcher.]

It is a matter of definite knowledge that the sharply increased construction costs which are hamstringing the building industry of this country, so far as home ownership and rental projects are concerned, are definitely tied up with the continuing decontrol policy of the government. As well as on the rental projects this has had a serious effect on persons who had small amounts of money saved up for the purpose of buying housing accommodation for their family needs. I want to emphasize that in view of the minister's continuing policy to protect vested capital and to ignore the needs of the home owner for protection, we are reaching the stage where these high construction costs will result in loss of investments to thousands of small and middle income owners who have managed to secure a small equity in property which they were forced to buy in order to find a place in which to live, and the high amortization costs with which they are undoubtedly faced in reducing their indebtedness will have the effect of wiping out their equity should there be any recession in the near future. In view of the fact that the government has seen fit to introduce with this resolution a further degree of protection for invested capital, I feel that the government should also work out a plan of equity insurance which would protect the investment of the home owner. The rental insurance clause which the minister referred to in his speech yesterday is of value only to the builder and the landlord in cases where there are eight or more family units. To indicate the extent to which the policy of the government with respect to past and present housing schemes has resulted in hardship, even where contracts have been signed, I want to give an example of what happens when costs rise to astronomical proportions as they are rising now in the building field.

I have here correspondence from a veteran who, to secure a home for his family, entered into what he thought was an ironclad contract with a construction company in the city of Regina, building under the integrated housing agreement last year, in 1947.

In his letter to me this veteran says:

An advertisement appeared in the Regina *Leader-Post* indicating that houses for veterans would be built at certain stated prices.

His statement in that regard is true, as my correspondence with Mr. Mansur, the president of Central Mortgage and Housing Corporation, indicates. Mr. Mansur in his letter to me stated that the original maximum sale price of the house I speak of was fixed at $6,050, although subsequently it turned out that this veteran

had to pay $7,160 for it. Continuing from the letter of this veteran:

Under ordinary circumstances, I am sure I would have gone very carefully into the matter of contract and the provisions for its completion being secured at the price indicated. However, being a veteran, and inasmuch as the proposition apparently was to be guaranteed by the dominion government and financed by a reliable and reputable mortgage company, the precautions that ordinarily would be taken were not taken by myself. I felt, and I am sure that most of the other veterans felt that, regardless of their political belief, in view of the fact that the scheme was sponsored by the dominion government and was being handled by a mortgage company as indicated, ordinary precautions could be waived and that a reasonable degree of trust and confidence could be placed in a scheme that was so advertised and so sponsored. Apparently our confidence was entirely misplaced.

Here is the situation. The construction company, finding that the costs, which the company itself was incurring, were rising, had protected itself by having an escalator clause put in the contract with the unsuspecting veteran, the effect of which was that the veteran had to increase his payment beyond what he thought he would be paying, from $6,050 to $7,160. The point I make is this. The construction company is protected completely by funds of the people of Canada, but the man who has to pay the bill has no protection under our legislation or by the regulations of the Central Mortgage and Housing Corporation. He was left to the caprice of changing conditions and the government's decontrol policy. Having caused these prices to rise, even after the contract was let for the construction of these houses, the government was morally obligated to meet that advancing cost.

The minister spoke of an improved supply situation and I must say, to be as kind to him as I can, that he is anything but realistic. Reference was made, yesterday and previously, to a subsidy to Crane Limited. Again, they are protected, but there is no protection for the buyer of plumbing to ensure that he will get fixtures at a reasonable cost. The minister spoke of arrangements with the steel companies to produce nails, but builders still have not sufficient nails. In my city of Regina no one is able to make sure of a supply of nails. The export of the best timber from this country continues, with no guarantee of fair prices to the domestic user. Rising freight rates of 21 per cent, authorized by the cabinet, have had the effect of adding from seven per cent to ten per cent to the cost of houses which are currently going up. It has been mentioned in this house that building labour is high in cost and also inefficient. May I tell the house that when workmen are on a job and there are certain materials in short supply, and when you get dribs and drabs of those materials, you cannot expect labour to be anything but wasteful of time and inefficient in the use of that time, and through no fault of their own.

The whole emphasis in the government's program, except for wartime housing, is the protection of the investment company, and I say that, even here, public housing authorities of a community nature, municipal or co-operative, are not given equal consideration with private enterprise when it comes to guarantees of equity such as are normally given by legislation to investment companies.

The minister said yesterday that the proposals of the Canadian federation of mayors regarding the low-rental portion of their program on housing had merit, and then he went on to say that they were not acceptable in their present form chiefly because they contemplate full financing by the dominion government, both in respect of capital costs and in respect of operating deficits. Now the government is willing to guarantee the operating deficits and profits of investment companies but is not willing to give the same consideration to public housing authorities.

Mr. McILRAITH: Guarantees in return for a consideration.

Mr. PROBE: They have their money invested in the mortgages and in the bonds, but they are protected with respect to their equity in full. There is no protection in the other case.

Mr. McILRAITH: What do they undertake to do in return?

Mr. PROBE: They undertake simply to build houses, and as a matter of fact they did not build them. They went out of the picture and the government is guaranteeing them full costs with a fair return on their investment.

I suggest to the minister in conclusion that he put building products once more under price control, set all necessary export embargoes, through the cabinet of course, and go into the production business on short items if necessary, either in his own capacity or by way of crown corporations.

The second thing, which unhappily he is unable to get through that skull of his, is this. He will not resign himself to the absolute necessity of capital subsidies to low-rental projects, a thing that has been recognized for half a century in practically all countries which are interested in social wellbeing; and in addition to resigning himself to the need for capital subsidies for low-rental projects, he should make arrangements through public authorities who are interested in the economies that may

be secured rather than through private investment companies who get cost plus at every stage.

Further, I suggest that he expand rather than diminish the activities of Wartime Housing, which apparently, by the terms of this bill, are to be taken over by the Central Mortgage and Housing Corporation. Wartime Housing has done a useful job and comes closest to providing housing at a rental that low-income families can pay. In the minister's statement to the house yesterday we see that the activities of Wartime Housing are to be restricted.

I suggest further that the minister set up a special branch of Central Mortgage and Housing Corporation to build or to buy houses for veteran owners who may wish them in urban or rural areas, the Department of Veterans Affairs to be asked to contribute as they are now doing with regard to small holdings. The small holding feature is an excellent thing, but there are too many veterans who cannot take advantage of it because of one restriction or another, or because they find that the project is not suitable. Central Mortgage and Housing Corporation therefore should make a special effort to meet the needs of veteran housing in whatever districts the veterans want their houses placed.

A high priority should be given to the rental accommodation needs of families now occupying homes which were bought a year or more ago for bona fide occupation by purchasers with families. It seems to me that they are entitled to the enjoyment and use of the house they bought for themselves, and it is up to the minister's department to find alternative occupation for those who, as a result of government policy, are kept in possession, while other people who have the same need are kept out.

Finally, it seems to me it is time the minister studied and applied the lesson that other countries have learned, namely, that private enterprise cannot build low-rental housing, because of the nature of our competitive economy. Whether the government consider themselves as socialists or capitalists, they must learn, as other countries have, that public housing for low-income families is the only solution to the problem and the only method of achieving the objective of a decently housed Canadian people.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, one of the things we can remember quite well is that during the war everybody in Canada was told that when those who were in uniform came back from the war they would have a Canada worth living in, and that everybody would have a house in which to live. Not only was that stated, but emphasis was given to the prophecy that costs would be coming down in view of the fact that our productive ability had so greatly increased. It was argued that that fact of itself would bring prices down. We find that is not quite so, particularly in the field of housing.

In his speech the other day the minister went to great lengths to show the need for housing. I am not so sure that it was necessary for him to go to such length to prove that point, because everyone is aware of it. It will be noticed that the minister made the following statement as reported at page 3639 of *Hansard*—and I commend him for having done so:

> In spite of the resulting higher sale prices, the effective demand for home ownership continues. The number of completed but unsold houses is relatively small. For instance, in the city of Vancouver, where proportionately there is more new housing than in any other place in the dominion, completed but unsold houses amount to less than one week's supply of new houses. The same situation pertains generally throughout the country.

I think that is an accurate picture, that there is not even one week's supply of new houses in excess of demand.

Mr. SINCLAIR: All this Alberta and Saskatchewan immigration into British Columbia is taking up the supply of houses.

Mr. JOHNSTON: That may be true. I am pointing out one particular thing. But if there is to be an immigration plan, housing accommodation must be found for the immigrants.

Mr. LOW: They will be back when they see what treatment they get in British Columbia.

Mrs. STRUM: Wait until they see that sales tax.

Mr. SINCLAIR: They are taking a leaf out of Saskatchewan's book.

Mr. SPEAKER: Order.

Mr. JOHNSTON: I think the building concerns across Canada have the ability to cope with this problem. Private enterprise could cope with it if a little encouragement were given to them, despite what the hon. member for Regina City (Mr. Probe) has said—and I shall refer to that in a moment.

The minister pointed out that these houses were in greater demand, but he pointed out further, and rightly so, that the type of house

which is in greater demand now is the rental house. The reason is obvious. Under the present increasing prices; the ordinary person cannot afford to build; the only recourse he has, therefore, is to rent. The situation is now becoming so acute that even those who desire to rent a house cannot do so, because of their limited financial position.

The minister spoke about the cost of houses, and he said, if I recall it correctly, that a five-room house could be built for about $6,800 and would rent at $37.50. That might be true if Central Mortgage and Housing Corporation are building the houses, or if Housing Enterprises Limited are building them. But I do not think it is true if a private person is trying to build a house for rent. Certainly the private individual cannot build a five-room house, on his own behalf, for $6,800.

About two weeks ago I had occasion to assist a veteran to get some property under the Veterans Land Act on which to build a house. This man is complying with all the regulations, and is building a four-room house, without lath or plaster. It is costing him over $6,000. If you intend to build a five-room house and have it lathed and plastered, which I think it should be, I do not think you can do it for another $500 or $600. It is becoming particularly difficult now for the private individual to finance his own house. The minister in his speech said that every encouragement should be given to individuals to build their own houses. I agree with that idea one hundred per cent. But unless there is some other means of assisting them to do so, I do not think they will be able to build them. I mentioned a moment ago that some of the large corporations, such as Central Mortgage and Housing Corporation, may be able to do that. When building is being done on a large scale, and when there is access to all the materials, and where there is no shortage coming in to cause a holdup, houses may be built; but the individual builder is not in that position, because of the scarcity of materials.

The minister went on to point out that there was an adequate supply of most materials. If I remember correctly the minister said there was a fair supply of lumber; and he even went so far as to say there was a fair supply of nails. That is not so in the west. It is true that there is an ample supply of rough construction material for studding, roofing and things of that kind, for roughing-in the building, but certainly there is a lack of finished material. There is a definite shortage of plumbing and of soil pipe, and there is a terrific shortage of nails. That question is so important it was mentioned the other day in the prices committee, to see if something could not be done to alleviate the great distress that is occasioned through this nail shortage.

Mr. SINNOTT: Central housing have them all tied up.

Mr. JOHNSTON: There is another point I want to emphasize along the line of the hon. gentleman's interjection. There does not seem to be any shortage of nails as far as these large contractors are concerned, particularly Central Mortgage and Housing and Building Enterprises; but when it comes to the ordinary man he just cannot get nails. That situation has not been remedied in the last six months or so, either. When I was home at Easter, contractors came to me asking what was the matter with the supply of nails. I had to tell them I did not see how there could be a shortage, because the minister of reconstruction said there were plenty of them. I will not attempt to put on *Hansard* what they called the minister, because I am sure the Speaker would say it was out of order. It might be appropriate, but still it would be out of order.

In his speech the minister said these $6,800 five-room houses could be rented for $37.50. That may be true, as far as Central Mortgage and Housing is concerned, or Wartime Housing, but I do not know of a single $7,000 house that can be rented for $37.50. They just do not exist except under those two corporations; and there are so many people within the low income brackets who cannot afford $37.50 and in addition supply heat, light and water. I do not see how we are going to have low rental housing, Mr. Speaker, other than by subsidization. Certainly under present conditions it cannot be done. In his speech even the minister pointed out that they were going out of house building because of increased costs. But it makes no difference whether costs are increasing, as they are for one reason and another; people must have places in which to live, and you cannot just say you are going to wash your hands of the whole problem because of increased costs.

The minister went on to point out emphatically that they could not continue in this field unless they could build a five-room house which would rent for a nominal amount such as $37.50. I can see the point, because taking the increased cost factor into consideration they would go behind. But I suggest that it is much better for the government to go behind than for the individual, who has not the money; and believe me, there are plenty of people in this country, including returned soldiers, earning only $35 a week. The person

to whom I was referring a short time ago is a returned soldier with a family, living on $35 a week. Can anyone tell me how he is going to be able to pay even $37.50 for a house, then heat it and pay for the light and water, and in addition take care of his family? How are you going to meet a situation such as that unless you do subsidize housing?

I want to mention a matter which I have not discussed with the Minister of Reconstruction and Supply but which I have taken up with the Minister of Veterans Affairs, who I must say was very considerate and took action to remedy the situation. I have in mind the speculation that is going on in these wartime and veterans' houses. I have had some experience with that of late. There are instances—how many I do not know—such as this. A veteran of the first war, who is in an excellent financial position, with a good job, because of his priority, has held land under the Veterans Land Act for as long as two and three years, while other veterans right in the same locality cannot get land on which to build the houses they so greatly need. I do not think this act and the Veterans Land Act were ever intended to be used for speculation, though in fairness I must say that when I brought the matter to the attention of the Minister of Veterans Affairs he acted immediately and the particular difficulty was solved. I have other cases I am going to bring to his attention as well, and I am sure they will receive the same consideration. But I want to tell the Minister of Reconstruction and Supply that in the city of Calgary there are men living in wartime houses who own one or two other houses in the same city. I do not think that is right. I often wonder how many men who have these veterans' holdings or wartime houses, for which they pay a nominal rental of perhaps $22.50 per month, at the same time have property in their own name which they are renting for anywhere from $50 to $75 a month, and probably some property in the names of their wives which is being rented for a similar amount. I believe that is something the Department of Veterans Affairs and the Minister of Reconstruction and Supply should look into a little more fully. If that situation exists in one city I am sure it must exist in others, and I believe there should be a thorough investigation right across Canada.

I must say that I have come across these cases by accident. The first inkling I had of this situation was in connection with the Veterans Land Act, the matter I said had been cleared up by the minister. I want to bring it to the attention of the minister of reconstruction, however, so that he may look into the whole problem. When he went to the Veterans Land Act administration there was not a piece of land in Calgary that had not been taken; that is what I was told by the officials. After a little discussion, however, we found that there were seven or eight veterans who had priority claims on these lots and who had not done anything about them for a long time. The officials were going to take the matter into consideration, and when I asked how long they would require to consider it they mentioned three or four months. When I came to Ottawa and discussed it with the minister, however, it was only a matter of days until the matter was settled. Here were veterans, not only one but dozens, trying to get property on which to build and being held up because other veterans were holding the land for speculation; and as I have indicated, the same thing is going on under wartime housing, where men who have good positions and who have city property of their own, are living in these wartime houses at low rentals.

I do not want to say any more than I have said on this question, Mr. Speaker, but when we get into committee I think of necessity it will have to be gone into in greater detail.

Mr. H. W. TIMMINS (Parkdale): Mr. Speaker, when this resolution was presented to the house by the Minister of Reconstruction and Supply (Mr. Howe) yesterday, we of this party felt that we could expect the "new look" in housing for 1948 to come out of the resolution. However, after looking at it with some care and analysing it I will say there does not appear to be any "new look" in the housing plan for 1948. Perhaps a little new fringe has been added, but that is about all.

Mr. GIBSON (Comox-Alberni): Still a short skirt.

Mr. TIMMINS: One would have thought that this resolution, coming three years after the election in 1945, would contain a housing charter for Canada; because it is about time that we gave some consideration to the responsibilities placed upon the government, and that the government faced squarely its responsibility to the people of Canada in respect of housing.

If we analyse the resolution we find, first, that it is—

—to authorize approved lending institutions to purchase from Central Mortgage and Housing Corporation mortgages held by the said corporation.

That will not produce any new housing in Canada; there is nothing new in that. Then—

—to authorize approved lending institutions . . . to make loans to owners of rental housing projects not exceeding in amount 85 per cent of the estimated cost thereof.

I presume that is part of the rental insurance to which the minister has referred. It continues:

To authorize Central Mortgage and Housing Corporation to guarantee an annual return of an amount to be determined by the corporation of rentals from rental housing projects for a period not exceeding thirty years.

That, I presume, is a reference to rental insurance, to which I shall refer later. Then it states:

To make loans to owners of rental housing projects if such loans are not being made available by approved lending institutions.

There is no new rental housing in that. Then:

To authorize the governor in council to transfer lands vested in His Majesty to the corporation.

That is just a matter of mechanics, of administration. And then—

—to make provision for the winding up and dissolution of Wartime Housing Limited.

That is another matter of administration. It continues—

—and to vest in Central Mortgage and Housing Corporation power to provide rental housing out of moneys which may be appropriated by parliament for the purpose.

I presume that is another way of saying that Central Mortgage and Housing Corporation is going to take on where Wartime Housing Limited left off.

The minister said in July, 1947, as reported at page 5517 of *Hansard*:

The government takes no responsibility for solving the entire housing problem for this country. It is perfectly ridiculous to suggest that it is a government responsibility. Every city has its own housing responsibility, as has every province. The government is responsible for the returned men, and its responsibility stops at that point.

The point of my remarks today will be that I firmly believe the minister still feels that the statement he made in 1947 is to be the guiding principle of the government in respect to housing, namely, that the government is responsible for returned men, and that its responsibility stops there. I do not believe that is so, and for that reason I should like to develop the matter further.

Let us go back and see what has happened in the last three years. The government has set up a great number of expedients to do something about housing in Canada. As to those which have succeeded, we must give the minister and the government credit; but we cannot proceed very much longer on this basis of trial and error.

What I was trying to say a few moments ago was that in the past few years, from year to year the minister has brought in certain temporary building expedients. Some of them have worked and some of them have not worked. But he seems to think that he can drop us one of these bones each year, and that we will be satisfied. I believe this year we must say to the minister, in no uncertain terms, that that is not good enough, that we are not going to accept this bone which has been dropped to the people this year, that we expect something a great deal more progressive than that.

Mr. KNOWLES: It is a boner, not a bone.

Mr. TIMMINS: My hon. friend says it is a boner; we shall see why.

One of the first things done by the minister about housing was in connection with a system of building priorities. I do not intend to go into that in any detail. It was a means of regulating and channelling building materials into the hands of those who were conducting building projects approved or sponsored by the government. This process of priority worked, up to a point. It did stifle private builders to a very great extent, but it also provided the kind of housing the government was sponsoring. That, however, has now reached the point where there are only one or two building items actually affected by priorities.

We come now to the matter of integrated housing. As hon. members know, integrated housing is a means whereby certain builders agree to build houses and to obtain in respect of them certain limited profits as set by Central Mortgage and Housing Corporation. At the same time they get priorities in building materials. That system has worked, to a point; but there could not be enough builders, and there have not been enough builders interested in the project to the extent of making it national in scope.

I hold in my hand a return I received in 1947. Up to May 14 of that year only 1,691 housing units had been started under agreement. The number last year was not extensive. Although a great many first-class builders have taken part in this project, it does not begin to solve our housing problem in Canada.

Last year the minister brought in another expedient by way of amendment to the National Housing Act under which approved lending corporations and insurance companies were allowed to enter the field of developing land in order that housing projects might be built on that land. As we know, the subdividing of land and its servicing with water, sewer and sidewalk facilities, and the making of provision to see that they are close to schools, and the like, is an expensive business.

This was an important step forward. May I say, however, that I received a return in February last from the Department of Trade and Commerce in which I had asked how many of these subdivision projects had been started. The reply was that there were only six throughout the whole of Canada, two of which were in Ontario, one at Burlington and one in North York, adjoining Toronto. I am not competent to speak for all of these projects, but upon investigation I found that in connection with the one in North York the lots were being sold for from $2,250 to $2,400 each. That was not my understanding of the purpose of the project, nor was it my idea of the work the project was to do. I was under the impression that this was something to help the builder to go ahead with low-cost housing, which would be suitable for the average citizen, on lots at perhaps $600 or $800. But when the cost of the lot gets up to $2,250 or $2,400, in my opinion no purpose is being served by the plan.

I am disappointed in that plan, which I commended the minister for adopting. He is our leader in matters of housing, and if he cannot do the job himself, somebody in his department should take over this thing and make it work. It is most important that land be provided in cities or closely adjacent thereto for housing purposes. The minister himself has said on more than one occasion that lack of land was one of the big obstacles. We have the lending institutions and the big insurance companies with ability to make this very project a success, but it is making no progress at all. That is the kind of building program which we thought would serve a useful purpose, but it has not, and we are forced to the conclusion that these expedients must give place to an efficient building program.

Next came Housing Enterprises Limited which was going to take its share of responsibility for providing rental housing units. But what happened? They folded up in about a year and a half and disposed of all their assets to Central Mortgage and Housing Corporation. They found they could not compete economically with the class of houses being built by private enterprise. As a matter of fact their costs ran so high in overhead and accessories that they could not provide economic rental housing. Recognizing its futility, the department ended that project. It was a temporary expedient which has gone the way of a lot of others of its kind. Housing Enterprises Limited is no longer in existence.

[Mr. Timmins.]

Last year another attempt was made to do something about rental housing. The minister, by P.C. 1095 of March 25, 1945, provided for double depreciation to builders in respect of rental housing projects. That was an attempt on the part of the department to induce builders to go into the business of providing rental housing, but I understand that application for double depreciation has been made in the case of only 370 units. As a matter of fact provision is made for building up to January 1, 1949, only. I presume that any rental housing project started after that date is out. But it makes no difference whether it goes beyond January 1, 1949, or not, because it is just another temporary expedient in this game of trial and error which has been found wanting; it has not succeeded.

Wartime Housing is one of the crown companies which has succeeded up to a point. The minister has used it to provide rental housing for veterans, and it has succeeded in providing that kind of housing. Wartime Housing, however, is to be wound up under this resolution, and I presume that Central Mortgage and Housing Corporation will take its place. I do hope that this does not mean that the question of housing is to be handled now at the administrative level by a crown company instead of at the executive level. Perhaps the minister will explain just what the position is to be, because we as members of parliament cannot afford to have housing in Canada dealt with at the administrative level. It must be dealt with at the executive level.

I come now to the new feature in this resolution which the minister has called rental insurance. It is an involved proposal, by which apparently the builder is left in a secondary position, because the minister says, at page 3641 of *Hansard:*

> The proposal before the house is designed to make rental housing more attractive to professional landlords and investors.

I do not believe that the average builder will be able to fit himself into the minister's plan in respect to rental housing. First of all, the minimum requirement is that the project shall consist of eight or more family housing units. That is not a project into which the average builder can go. He might build one or two units, but not the minimum of eight or more. He would not have sufficient capital to build more than one or two of these family housing units before his money would be tied up. It would be fatal to Canada if the small builder went into a project such as this and found that he had tied up all his money and

had to sit down and wait for thirty years, which is the life of this project, for it to develop. I do not believe there is any place in this rental insurance plan for the private builder, and if there is no place in it for him, what class of citizen will be interested in it? The minister says, professional landlords and investors. I have had twenty-five years' experience in house management, and having regard to this rigorous climate of ours, I do not believe many people will be interested in building under this plan, hoping over a period of years to make a profit out of the venture. I think it is a step in the dark. The minister himself says that he is not so sure it is going to succeed. He says at page 3642 of *Hansard:*

> We are not sure of the amount of new rental housing which will result from this proposal. We hope it will be substantial, and every effort will be made to encourage builders to operate under its provisions. It is likely, however, that most of the new housing will be in the moderate rental field because that is the type of housing in which landlords and builders are interested.

My own feeling is that it is not likely to succeed. It is another temporary expedient in the game of trial and error, and the only new matter which the government is bringing forward in respect to housing in 1948. I do not think it is sufficient. Cycles occur when unorthodox methods which were never before used have to be adopted. Great Britain in 1920 had to provide housing, whether they liked it or not, and they started a housing plan at that time. We in Canada are faced with the same problem today, and I want to emphasize some of the factors that are known to every one of us.

First of all there is overcrowding. Our people are living together under conditions which are not healthy, and are sometimes unsanitary, and as a result there has been and continues to be a breakdown in the moral fibre of our people living under those conditions. I am sure that every member of the house knows something of the vicious consequences to our family life that come from people being forced to live together under conditions that are not proper. A short time ago we read in the papers of a shooting in the province of Quebec. I can myself remember at least three or four cases which have been brought up in the police court because of differences of opinion, fights and brawls, which have occurred between landlord and tenant, in which the landlord was asserting everything within the law and outside the law in order to get his tenant out. People are living in physical fear of assault, and assaults are taking place. That is one of the conditions for which we as members of parliament have to take some responsibility.

The second matter I want to mention is emergency housing. The minister was good enough to say that in his opinion we were over the peak in the matter of emergency housing. That may be so. However, people are being shifted into emergency housing in the city from which I come, every day in the week. I have had occasion recently to deal with people who felt that the municipality was responsible for them, for their housing and for their future maintenance. I have had them say to me, "I wish you would put the bailiff in here, because I cannot do this and that; I cannot get any housing accommodation until the sheriff comes in and puts me out. The welfare department will not do anything about it until the sheriff actually comes in and starts to move my stuff." These people have lost all sense of responsibility; they are just shifting about, and are being placed hither and thither by the welfare department. They have become charges upon the city because of the present housing situation. It is a state of mind that they have got themselves into.

Then, of course, there is another serious side to it. A sort of race suicide has developed. Young couples are getting married but they cannot have children for the simple reason that they have no place in which to put them. This is not a joke; it is a fact. The National Housing Act people have been working on this act for seven or eight years. They have got the thing down to the point where they seem to fix their attention upon a small house for the parents and two children. It has to be two boys or two girls. There is no room for a boy and a girl because there are just two bedrooms. If you look at the plans you will see that there is no provision for extensions or additions to the house. I have seen some of the worst looking messes made of houses because the occupant tried to make an addition to it to provide for his growing family. It is a serious matter that those who are planning our future in this country so far as housing is concerned are not looking further ahead on this, but are constructing houses for a man, his wife and two children. If that is not race suicide, I do not know what it is. Fifty thousand houses have been put up under that plan, and nobody seems to take it into account. I say now that that is one more reason why this government has to do something about the matter of housing.

I come now to immigration. This is one place where we can all get together. The provinces and the federal government can get together on immigration. As we know, the Ontario government has brought out more

than seven thousand people, and they are all settled. They have found places for themselves, but when they squeezed in, somebody else had to squeeze out. There is no question about that. Alberta has a plan on hand. They are not only bringing immigrants to the province but they are bringing out industry as well. Saskatchewan has a plan, and the federal government say that they have a plan to bring in some 20,000 immigrants by next June. Where will these people go? Is it any responsibility of the provinces? Is it any responsibility of the municipality? Is it any responsibility of the federal government? I say it is a joint responsibility, but for the most part the responsibility rests right here on the department which is responsible for these people coming to this country.

If the Minister of Trade and Commerce is not now handling the Department of Mines and Resources, which has to do with immigration, then there must be co-ordination within the executive council so that the problem can be solved.

We are not going through a passing phase in this matter of housing. We are in a national emergency. We must have these immigrants in Canada. The Prime Minister himself said that we cannot hope to hold this country with a population of twelve and a half million people. We appreciate that a large number of our problems, such as freight rates, can be solved if we have the population here. We know perfectly well that we are getting into a horrible economic position in the matter of trade abroad, and that if we do not have the people here to consume our own domestic products we may have economic chaos before we are through; therefore we must admit that we must have immigration. If we are to have immigration, then we must have housing, and now is the time to provide it.

At page 3642 of *Hansard* the minister said:

> However, the dominion does not take a dogmatic stand in this matter, and we are willing to discuss with the provinces and municipalities a course of action which would lay a sound foundation for a long term national housing program. The Canadian federation of mayors has already sent us a brief concerning low-rental housing.

As I remember it, the mayors met here some time last year, I think it was in June. I received a copy of the brief that they sent in. They sent a brief in February of this year as well. If the minister is serious about this business of a conference and willingness to take a share in a long term national housing plan, why does he not call a meeting of the municipalities and provinces so that the matter can be dealt with? The Ontario government brought in a housing plan in 1948. Some of the features of it are to provide for the reduction of down payments on newly-built houses. It is a plan to fit in with the provisions of the National Housing Act, to make it easier for those who have not sufficient money to get part of the down payment in order that they may have houses. It is an attempt on the part of the Ontario government to co-ordinate its efforts with those of the federal government, and the Minister of Reconstruction and Supply was good enough to say that it was a helpful measure. In addition to that, they say they hope to participate with the municipalities in financing a redevelopment where there appears to be a sound policy. This is another matter which engages the attention of the federal government. The Ontario government has provided funds so that projects may be handled at all levels of government.

Another feature of the Ontario act is that they say they wish to participate with municipalities that desire to take advantage of the federal low-rental housing plan. Some $30,000,000 has been set aside so that progress may be made in housing in Ontario. But Ontario is not alone in that respect. A similar act, containing different features, has been passed in Quebec under which the province provided for the sale of lots at one dollar to citizens intending to build private dwellings, and guaranteed them tax concessions for a twenty-five year period in order to assist them to obtain houses.

I suggest to the minister that if he is serious about paying some attention to the brief of the federation of mayors, and to the desire of the various provinces to see their problems solved, in so far as the provinces have a responsibility, now is the time to call a conference. After all, there is an election coming on in Ontario and there will be one in Quebec this year. Saskatchewan will have an election, and there may be one in Alberta. This is a good time to get the ministers together.

Mr. MacNICOL: New Brunswick too.

Mr. TIMMINS: Yes, and New Brunswick.

Mr. HOWE: We will deal with the new governments.

Mr. TIMMINS: The minister is just putting off again; he has another temporary expedient there. He is going to deal with the new governments. I say to him in all kindness that I hope to put him on the spot this afternoon. I think we have been temporizing with the thing long enough. Let me say this to him without any rancour at all. The minister may

object when we say it, but the fact is, that he has too many jobs. He does a good job with anything he tackles, but he cannot do a good job when he undertakes too many. I suggest to him that he hand over to someone else these powers he has under the National Housing Act.

A few years ago the minister was putting a lot of efficiency and drive into housing, but I think he is starting to slow down, and the business of import controls from the United States is now taking up his attention. Rightly so. I suggest therefore that unless he is serious about this proposal of his to discuss with the provinces and the municipalities a course of action which would lay a sound foundation for a long-term national housing program, he had better move over in the bed and let some other minister start this, because in all seriousness I feel that this is our No. 1 problem in Canada.

We have the various provinces in a co-operative mood. The minister can be quite persuasive when he wishes to bring any matter to a head, and I think that in matters of public housing, in the promotion of these limited dividend corporations, in matters of slum clearance, this is the time to get started. We should make a start on them now.

If you look at all this legislation on housing you will find a guarantee running through them all. There is a guarantee under the National Housing Act, a guarantee under the insurance rental project, a guarantee all the way through. We are like the ostrich, sticking our head in the sand—at least the department is—and saying that we may never have to pay these things. The fact of the matter is that the government, we the people, will have to pay them some day.

Since we have a surplus of $800 million estimated for this year, let us make a start and deal with the matter in a businesslike way. Let us start on some of these projects. I do not put very much confidence in what the minister said yesterday, that we cannot proceed with these matters because building costs are too high. The member for Bow River (Mr. Johnston) who has just sat down, suggested that was not a factor. Who knows whether building costs will come down, or when? After all, housing is not something that can be put off. If we need a roof over our head we need it now, not after building costs have come down.

I suggest to the minister that this is the time when these things must be brought to a head. What we need right now is leadership. We have co-operation, plenty of co-operation all across Canada. We have the co-operation of the people, the co-operation of the municipalities. In Toronto last year one of the controllers, a Liberal on the city council, Mr. Balfour, announced to the press that in only a matter of a few days there would be a conference with respect to these matters. He seemed to be confident even in those days that a conference would be called and that this question of housing would be dealt with at the three levels of government.

Leadership rests with the government, and the people will not be satisfied until it is exercised—not in 1949, not after we find out whether the rental insurance plan will work, but now.

(Translation):

Mr. RENE HAMEL (St. Maurice-Laflèche): Mr. Speaker, I wish to say a few words on the resolution for two reasons. First, I represent a constituency where 75 per cent of the population live in urban centres, such as Shawinigan, Grand'Mère, La Tuque, and Almaville. Second, I wish to repeat in the house the warning sounded in the province of Quebec by both Protestant and Catholic religious authorities, in connection with the housing problem.

Yesterday, the right hon. the minister of reconstruction (Mr. Howe) said that 77,000 housing units had been built in 1947. In my opinion, last year's building program is inadequate to provide the minimum number of houses required to prevent the housing shortage from increasing, and it is barely half sufficient for normal needs. In 1944, the government appointed an advisory committee to inquire into the housing situation; the said committee submitted what is known as the Curtis report. According to that report, Canada should have built 77,700 dwellings per year for a period of ten years. It is easy to understand that the above is a minimum figure, but it is inadequate. Here is what the report says in that connection:

(Text):

> The figures reproduced in the present summary are those made on a minimum and restricted basis. In general, throughout the report, when alternative assumptions present themselves the lower one has been adopted.

(Translation):

Obviously, Mr. Speaker, the 77,700 housing units required to prevent the situation from growing worse represent but a minimum figure. It is inadequate for the following reasons: first, it tends only to the needs of city dwellers, who make up no more than 60 per cent of the population, and ignores the require-

ments of the farming classes who are none the less of some importance. Second, this figure does not include childless couples. It deals only with families and not with those homemakers whom statisticians call: "Household non family". Yet, hundreds of thousands of requests for housing accommodation come from these people. Finally, it provides for the replacement of only 1 per cent of homes in need of repair or falling apart; houses are seemingly supposed to last one hundred years. However, two sources of information which differ substantially from the Curtis report, are, to my mind far more accurate: during its February convention of 1943, the Toronto Architects' Association showed that at the present time Canada needs from 110,000 to 150,000 houses per year. Another publication, *The Letter Review* of March 31, 1947 stated:

(Text):

It is entirely reasonable to argue from that single fact that, in present circumstances, anything less than 150,000 houses a year is wholly inadequate.

(Translation):

Mr. Speaker, what the government has accomplished during 1947 is barely half of what is required to solve the housing problem. What are the underlying causes of our difficulties in solving the housing problem? Shortage of labour was mentioned and it has also been said that the primary cause of the lack of progress in the building of houses could be ascribed to the paralysing effect of the strikes on production. I submit, Mr. Speaker, that labour does not account for the complete and total failure of the government in the building field. The causes are as follows: In 1941, 500,000 of our men were in the forces with roughly the same number employed in munition plants, producing shells and other war materials. At that time, construction in our country reached a total of $640,000,000. In 1942, our forces numbered 625,000 men and probably the same number were engaged in production of munitions and in other war duties. Nevertheless, construction reached a total of $635,000,000. In 1945, during the demobilization period, construction reached only $409,000,000. In 1946, when I assume that demobilization had been completed, and production of munitions and war equipment had ceased, construction amounted to only $450,000,000. Another reason which prevents me from accepting labour shortage as a reason for the difficulties in which we find ourselves in regard to housing is that we pay more unemployment benefits than ever before. The *Labour Gazette* of February, 1947, indicates that there were 488,667 applications for unemployment insurance benefits in 1946. Any builder, prospective home-owner or supplier of building materials will tell you that it is not so much the shortage of man-power that is the cause of delays, but the shortage of building materials. Among these we might mention nails; electrical appliances, plumbing supplies and ready-to-use lumber of good quality. It might be well to ask where these supplies have gone, while the necessity for them at home is still so pressing as to create an extremely serious situation which has been forcibly called to our attention by all our sociologists. We need only to examine our exports of building materials or of materials needed for the production of same. The following figures are taken from the *Canada Year Book* for the years 1943-1944, and 1946, pages 491 to 553.

Exports

Index No.: 100 for the 1935-1939 period.

	1940	1942	1945
Wood and paper	127·5		221·2
Iron and iron products..	185·8	801	951·8
Non-ferrous metals	120·6	191·3	218·3

While there is a greater need than ever for building materials on the home market, exports are still being made. Two reasons are given for this.

The first is the fact that our economy requires exports to maintain a high level of employment.

I respectfully suggest that our present export trade is made up of temporary exports which cannot help to stabilize our economy in any way. Besides here is what the dominion statistician says about our export trade:

(Text):

Actually about 75 to 80 per cent of Canada's enormous export business since 1940 belongs in the category of temporary, abnormal, wartime trade, with only about 20 to 25 per cent in the category of normal and permanent trade.

(Translation):

Mr. Speaker, how can we expect to stabilize our economy by means of a type of export trade which statisticians themselves hold to be of an essentially temporary nature? I suggest that the exports which we are making at this time, and especially those which are meant for the United Kingdom, have absolutely no stabilizing effect on our economy, but serve

only to favour Great Britain in such a way that she will eventually become the most dangerous competitor on world markets.

The second reason: Pity and sentiment. We are told that the people of Europe have suffered great difficulties, that they are in dire straits and that we must help them. I respectfully submit—even though in doing so I might offend some people—that the housing situation in Great Britain is less critical than in Canada.

I say, in the first place, that the situation is less serious in Great Britain, for the following reasons; first, from 1939 to 1945, the population of Britain decreased by about 600,000 while the population of Canada increased by nearly 800,000; second, throughout the war, huge numbers of troops were quartered in the United Kingdom and when they left, their shelters could lessen the seriousness of the housing problem; third, from 1930 to 1940, the almost complete efforts of the British nation were devoted to the building of houses.

Here is what I find on page 33 of the Curtis report:

(Text):

While at the beginning of the thirities residential construction was drastically curtailed in the United States and Canada, more houses were built in England and Wales than ever before. In 1934 about 267,000 housing units were built in England and Wales or about 28,000 more than were built during the peak year of the twenties. Since 1934 the volume of residential construction in that country has increased steadily, only to be interrupted with the outbreak of the war in 1939.

(Translation):

Therefore, the situation is less serious in Great Britain than in Canada, and we are sacrificing the interests of the Canadian people in order to save, once again, the British people. Besides, the rumours which depict the entire population of Europe as suffering hardships are not all concordant. As a matter of fact, I have here an item from *La Nouvelliste* quoting a Canadian Press dispatch dated March 11, 1947, in which Lord Inverchapel is reported as having stated, at a banquet of the New York law school graduates:

The British envoy enumerated the factors which prove that Great Britain is not prostrate. At the end of 1946, she was exporting from 110 to 115 per cent more than in 1938. She is building houses at the rate of 250,000 a year.

I shall now read what the *Gazette* said on May 5, 1948, in quoting a dispatch sent from London by Ernest Chisholm Thomson:

(Text):

. . . Britain's first target of 750,000 "units of accommodation" will be achieved by the end of the year . . . in spite of adversities and vicissitudes, Britain was putting up more houses than any other country.

(Translation):

I respectfully submit, Mr. Speaker, that our export trade policy is a primary cause of our housing difficulties.

For the past year, ever since the matter was bungled, attempts have been made to place the burden of the housing problem upon provincial and municipal authorities. In theory, Mr. Speaker, I agree that the housing problem should be the responsibility of provincial or municipal authorities. But how can the provincial authorities be expected to do an adequate job when the federal government, through its export trade policy, is creating a disastrous condition with respect to building materials at home? Furthermore, how can the provincial governments be expected to carry out a satisfactory housing scheme when they are deprived of their main source of revenues by the federal government?

Mr. Speaker, to stress the importance of the housing problem, may I recall that the first Labour-Progressive member to appear in the house was elected in Cartier during 1945 or 1946, after taking advantage of the housing situation before his electors?

Every now and then I receive resolutions from all sorts of associations begging me to show more sympathy for Great Britain. Mr. Speaker, in 1945 I was elected under the banner of nationalism, and I challenge anyone to state that he has ever heard me say an unkind word about Great Britain. However, I believe that my first duty as member for St. Maurice-Laflèche is to work not in the interest of a foreign country—however much sympathy I may feel for that country—but to work for the Canadian people. And if it so happens that other countries suffer indirectly by it, or share less in our liberalities, I cannot do anything about it, I feel that my duty is to the Canadian people.

Mr. GAGNON: Hear, hear.

(Text):

Mr. E. B. McKAY (Weyburn): Mr. Speaker, yesterday I listened with considerable interest to the comprehensive statement of the minister with respect to the construction of housing units in 1947 and the plans for 1948. I particularly noted that the minister was inclined to take the risk from lending capital in housing enterprises, no doubt with the hope

of promoting development in this field. Removal of the risk in free enterprise investments is being done more and more as time goes on. If the projects which are now being encouraged by the government are such as to demand rentals of $75 or $80 a month, which I believe was suggested yesterday by the minister, there seems very little prospect indeed that people on low incomes will obtain shelter for years to come.

Yesterday the minister went on to say that he did not believe the provision of low-rental projects was feasible at this time because of the high costs of construction. I was very much disappointed at that statement, as no doubt were thousands of Canadians throughout the country who are still seeking low-cost shelter. I agree, however, that it is quite impossible to provide low-cost housing if it is to be left to free enterprise to do it. Free enterprisers only operate where substantial profits are in sight; and from the statement by the minister yesterday, I would add that apparently they only operate where there is little or no capital risk.

I think the minister realizes that low-rental housing cannot be provided without heavy subsidization, by one means or another, on the part of the government. Up to the present, however, the government has made little attempt to provide such subsidies, with the result that housing for the great mass of the Canadian people is not being provided and the situation is not materially improving. As I see it, provision is being made only for people with moderate incomes. In the government's program there is no relief for the low-income group. They are the people who move every spring, ever hoping to locate more suitable shelter for their families; and I would commend to the reading of the minister, and for that matter every hon. member of the house, a little book called "The Tin Flute", which aptly portrays the serious situation of the inhabitants of one of the heavily congested areas of the city of Montreal. That situation also exists to a greater or lesser degree in every city and town in Canada, but the government does very little about it. These Canadians, it appears to me, are the forgotten people, at least in so far as the government's housing program is concerned.

Housing is one of Canada's most urgent problems. When one realizes that a large percentage of the inhabitants of this country live in quarters leased from landlords, one cannot help but appreciate that the number of homes owned by Canadians is far too small. According to the Canada Year Book 1941 census, it was indicated that in urban areas owner-occupied dwellings represented only 40 per cent of all occupied dwellings in Canada. In large cities the situation is substantially worse than that. According to the tenant's league, more than 80 per cent of families resident in Montreal are tenants. Most of these people are not tenants of their own choosing, but rather their income has been insufficient to provide them with homes for themselves.

The Curtis report on housing, of 1943, stated that two-thirds of the people of Canada cannot afford to pay rentals exceeding even $25 a month. This group who cannot pay more than $300 a year obviously cannot afford to buy or to rent homes under the present costs of construction.

Almost everyone desires a home of his own; I do not think there is any question about that. If this large group of Canadians to whom I have referred are to have homes of their own, it seems most apparent that the government must adopt a substantial program of subsidized housing, in order to meet the needs of these large numbers of Canadian citizens.

I do not propose at this time to discuss programs of subsidized housing embarked upon by such progressive countries as Denmark, Sweden, Great Britain or New Zealand, more than to say that these countries are providing homes on a large scale for their people, good homes which can be provided only through subsidization of building projects by their governments. These homes are within the means of most of the residents of these nations, either to purchase or to rent.

I do, however, wish to emphasize the great need for such a program in Canada. People with small incomes cannot afford to buy or to build homes at present costs. The inducements now held out to builders are wholly inadequate to provide the type of low-cost housing which the majority of Canadians require. Housing is still one of Canada's most acute shortages. The situation has been aggravated by the return of the thousands of veterans who are seeking to set up households of their own, and by others who, during the war, doubled up and are now anxious to obtain separate accommodation. I fear that this shortage will continue for a long time if the government does not make a greater effort to relieve the situation by providing a low-cost housing construction program on a substantial scale.

In order properly to appreciate the serious deficiency in housing, one must review the past history of housing construction in Canada,

prior to the war. For the last two decades housing construction has not kept pace with demand. In the ten years preceding the outbreak of war economic conditions were such that most people had insufficient income to enable them to have homes of their own. While the demand was there in the form of a desire for individual ownership, there was little money to pay for construction. Housing construction therefore lagged, because the government left building to private enterprise; and private enterprise builds only where profits are in prospect.

As an example, only 14,000 units were constructed in 1933. In 1939, six years later, only 39,000 units were built, or barely sufficient homes to keep pace with the annual requirements due to natural increase.

This I believe is sufficient indication that, without some form of subsidized housing on the part of the government, the housing situation for the low-income group is hopeless indeed. Canada entered the war years with a serious housing shortage. Even prior to the war many Canadians were living in congested areas bordering on the slum classification.

Because of the war economy under which we have operated for the last ten years, the lot of a small percentage of these people has financially improved. However, they are still unable to better their housing accommodation, either because it is too costly to obtain homes or because those homes are totally unavailable.

At the conclusion of the world conflict, thousands of young men returned home intent upon marriage, or accompanied by their European brides. In some instances these young people are still looking for suitable shelter, and something should be done on their behalf. Action should be taken for the benefit also of those other thousands of our Canadian citizens who are now in need of homes.

What has the government done to relieve the situation? Very little—if we can judge from the minister's statement of yesterday. At first glance one might think the government's program for 1947 was reasonably satisfactory, especially when one considers the shortage of materials and the unrestricted building of theatres, filling stations, bowling alleys and distilleries which was permitted. The objective was approximately realized in 1947. The regrettable feature is that such a small number of homes was constructed that families in the low-income group did not have their requirements filled. Wartime Housing, which provides shelter at reasonable rentals, provided less than seven per cent of the units erected. But even the rentals charged in these projects are not low enough for a large number of Canadians. The house must not forget that as late as 1942 there were 82·6 per cent of our population who were receiving less than $2,000 a year income. These figures are revealed by the statistics branch of the Department of Trade and Commerce.

These people cannot afford to pay rentals or instalments on home purchases exceeding much more than $300 a year; that is, if they are to have sufficient money to buy the other essentials of life. According to the Toronto welfare bureau, an income of $2,000 a year is below the standard of living required for a family of five persons. Such families cannot afford to live in the expensive quarters which present building costs force upon even the most modest prospective home owner. For many of these folk there is no choice but the slums or near slums of our cities or the inadequate living quarters in small villages or hamlets and towns.

The agency formed by life insurance companies three years ago and known as Housing Enterprises Limited did provide some housing for the moderate income group. The rents charged for these homes range from $42 to $57 a month, with an average of $47 monthly. I must, however, suggest to the minister that these rents are still too high for the young veteran who is just starting out in life. Few Canadians can pay the current high prices for these new housing units and those purchasing will certainly lose money when values in this country return to normal.

There has, I insist, Mr. Speaker, been no attempt made to face the real housing problem in this country. Moreover, the government does not appear to have any intention of meeting it if this resolution is the sole indication of what the government intends to do. The program initiated by the government cannot and will not meet the demand for low-cost housing which is essential if the thousands of Canadians living on small incomes are to have adequate housing at rentals commensurate with their ability to pay.

Canada must face this problem and the government must take responsibility for the inadequacy of its program. Pious talk about slum clearance has no meaning unless people in slums have somewhere else to live. The demolishing of slum areas is a comparatively easy task and the least important part of meeting this problem. The major problem is the provision of homes for these people. Only a far-reaching program of government subsidized housing can possibly meet such a situation. I urge, with all the emphasis at my command, upon the minister and the government, the great need for an adequate subsidized

housing program to meet one of Canada's most urgent problems. Because of the urgency of this problem, I wish to move, seconded by the hon. member for Mackenzie (Mr. Nicholson), the following amendment to the resolution:

That all the words after the word "that" be struck out and the following be substituted therefor:

"Mr. Speaker do not now leave the chair but that it be resolved that in the opinion of this house the government should give consideration to providing subsidized low-rental housing."

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, when I was last home about two weeks ago a family I have known for quite a few years asked me to call and see them. I found them living on the second floor of a small home on a street not far from where I live. This man and woman are getting on in years and are doubtless just an example of a multitude of others living under similar conditions. Their living room, dining room and kitchen was the same room, and I am sure it was not twelve feet square. They had a small bedroom adjoining, and they used the same toilet and bath as the other occupants of the house. I have known this gentleman for quite a few years. He worked for quite a long time for the Farmers' Dairy in Toronto and never at any time had a wage of any consequence. He was always subject to being laid off and, to my knowledge, was laid off on numerous occasions, and so he never had a chance to earn a competence with which to provide a home of his own. On the occasion of my visit he told me that he did not expect to live very long, that he could not endure the conditions under which he was living. As a matter of fact, he died two days ago. All I wish to say in connection with this matter is that doubtless thousands of men and women throughout Canada have gone to their graves through the inadequacy of the housing accommodation in Canada. I know of so many cases like the one I have just mentioned.

I had a good deal to do with building in my day and was more or less conversant with the whole building problem. I know the minister himself knows a great deal about building. I doubt whether any member of the House of Commons has had as much actual experience in building of one kind and another as the minister himself, and when he was appointed to take charge of housing I for one looked forward to his doing a big job. Why he has not been able to do it I do not know. I should like him to tell us whether he was obstructed in any way in carrying out what he was charged to do and certainly had the capacity to do. There must have been some reason.

When he took charge of housing I thought he would initiate some program of prefabricated housing. Maybe it could not be done under his department; I do not know. It has, however, been done in Great Britain and in France, and perhaps elsewhere, but I do know that it has been done in both those countries. Many of the prefabricated houses which have been erected in France were put together in Canada. For quite some time there was a very nice confortable prefabricated house on one of the main docks in Quebec city. I forget the name of the dock but I am sure the minister knows all about it. That prefabricated house was a model of what was being shipped to France. Speaking from memory, I think approximately 1,500 to 2,000 of these prefabricated houses have been shipped from Canada to France. The minister nods his head; I am glad to know that. It was a frame house, neatly constructed, and made somewhere in Quebec I believe, out of Canadian materials. My memory is that the price either on the dock at Quebec City or in France—I am not sure which—was approximately $2,000.

Mr. HOWE: I think that is right.

Mr. MacNICOL: That goes to show that a very good frame house could be built for that money. My memory is that the walls of the house were papered in Canada, but perhaps the papering would need some touching up after the house was erected in France. That struck me as a mighty fine program, whoever in Canada promoted it. Perhaps the department did; at least they must have been told about it. I wondered then, and I have wondered since, why we could not have prefabricated houses in Canada. Most of the basements could have been made out of cement blocks They are easily made. While cement is not just a glut on the market, perhaps it can be obtained today in sufficient quantities to meet the demand for cement blocks for basements of houses.

When the minister closes the debate I should like him to tell the house why we cannot have prefabricated houses here in large quantities as they have them in England and France. A few moments ago an hon. member to my left said that England built a large number of houses in a certain length of time. I have forgotten the time, but I have given the figure before myself. At the moment I have not the figure in my mind. I do not just remember the length of time it took them to build their program of 750,000 houses.

Knowing as I do that all the material used in the English houses and the French houses must come from outside these countries, because they have not the raw product supply, I ask myself why we are and have been in the position as to housing that we are in, in Canada today. The situation is nothing short of appalling. The part of the city of Toronto that I represent is thickly congested. I am proud to live in that part of the city. It is one of the largest workingmen's areas in the city. Quite a number of them work in the plant that I worked in for many years. I know that many, many of these houses are congested, with a large number of people in each one of them, far beyond what they were built for. Houses that were built to accommodate a family of five have at least ten people crowded into them today. It therefore looks to me as if, in the future, hundreds of thousands of new houses will have to be built for the people now living under such congested conditions.

A short time ago an hon. member referred to quarrels among families, between landlords and tenants and so on, because of the congestion. Is it any wonder? I have been in many houses. I am going home tonight. On Saturday I hope to pay visits to various parts of the riding I represent. I love going among the ordinary folks and seeing the conditions under which they live. I have seen conditions that I just cannot describe. From what I have seen I know that for a long time to come in Canada there will be a great demand for houses.

I hope that the minister who did such a good job in making munitions during the war, turning out guns and tanks, ammunition and ten thousand and one different things that entered into the prosecution of the war, can do a good job in this respect as well. We all know he did a good job during the war. I for one hope that he will take hold of this big problem, turn over a new leaf altogether and go to work, because this problem is too big to be solved by ordinary methods. I ask him to start in again as he did when he took over the job of building guns, tanks and other war weapons, and construct houses in Canada, not by the thousands but by the tens of thousands, because there must be a market for 150,000 or 200,000 houses in Canada. I believe the minister can do it, if he would only carry on in the same manner as he did during the war.

I do not believe in censuring the minister. He has had a big job to do, and he has done a big job. I am one of those who believe he can do a gigantic job of building houses. If they can build 750,000 houses in England in two or three years, why cannot we do the same thing in Canada? We do not have to go out of Canada to get the material; it is all here. Lumber and cement are here in quantities sufficient to build houses, and that is the immediate job to be done. I for one am going to look to the minister to overcome the difficulty, to surmount the obstacles. The situation is bad.

I listened to the minister yesterday and when he finished I said to myself—and this is no reflection on him—there is not a thing in the program for the average man and woman whom I represent. There may be something in it for those who can pay $80 a month rent. I do not know many of these in my riding. In my riding, generally from 350 to 500 people live in a block. They are not living there at $80 a month. The couple to whom I referred on a street in my riding could only pay $22 a month rent. Therefore, when the minister suggested yesterday that folks could pay $80 a month or that a house costing $6,800 would be let for $37.50 a month, he was not speaking of the people in my riding. I would not name the streets, but A, B, C, D, E, F, G, H, I, J, K, L, M, N streets in my area in Toronto have on the average 350 and more people living in one block. Of that number, five out of twenty-five could pay $37.50 a month; the others just cannot do so. It cannot be done today on the wages they are getting, because wages are not anything like what some folks think they are. Too many of them are out of work; too many of them are unwell; too many of them have been getting sick; too many of them have a thousand and one troubles, and they just cannot pay $37.50 a month.

What is the average man and woman going to do? He can pay rent for a house that could be built for $2,500. These lovely houses I saw on the docks in Quebec City being shipped to France, and the picture I saw the other day of houses being erected in England are the houses I have in mind. The pictures showed a dozen giant lorries going along some road in England, and each lorry carried a full prefabricated house. If they can do it over there we can surely do it here. We should do it in defence of the health of our people. The health of the people today is deteriorating. That is indicated by the poor man I spoke of a few minutes ago who died a couple of days ago. He was quite hale and hearty when I saw him two weeks ago, but not just in the best of health, because his spirit had broken down owing to the conditions under which he was living.

I am sure that the country will support the minister in some gigantic housing program if he will bring forward a bill to have houses

built for not more than $2,500 to $3,000 apiece. It can be done, but the way we are doing it today it takes too long to erect the ordinary house. I visited two or three areas around Toronto in which quite a large number of houses are being erected. At the speed at which they are being erected, Your Honour, they cannot be built for less than $5,000 or $6,000. The average workingman cannot finance a house at that price. It cannot be done. I know too many of them; I worked with too many of them, and therefore I say it cannot be done. I am satisfied that if the minister will take the bit in his teeth and bring in a program to build houses by the countless thousands on some new program such as he organized for the building of guns and tanks and so forth, houses can be built on a prefabricated basis for the ordinary workingman for not more than $3,000 apiece. The average workingman can finance that.

When the minister finished his remarks yesterday I said to myself, this bill does not give any hope to the renter. The renter cannot pay $80 a month, and the average workingman cannot pay $37.50 a month. It does not give any hope to the owner, because the average workingman cannot afford to buy a house at $6,800. He would lose his house. I remember very well that in my part of the city a multitude of people lost their homes during the depression, homes which did not cost over $2,500 to erect in that area.

I should like to see the minister revise the whole program and bring in something such as he did during the war. We did a gigantic job then and we have as big a job now, because this is worse than war to the average working man whose family are being scattered all over the city. We should begin a real program to provide homes for the people.

Something was said yesterday about guaranteeing two per cent on the investment in the building of houses. I do not know of anyone who would build houses on two per cent return. I own a number of houses myself and I know of the trials and tribulations I have with some of them. Indeed I would be glad to sell every one of them now if I could and get rid of the worry. I cannot dream of anyone undertaking to build a house with two per cent on the investment, certainly not a house costing $6,800. It cannot be done.

The last few days, I received two or three letters from people who use a good deal of gyproc, and they told me that the regulations of last November—I suppose they referred to what was done by the Minister of Finance—had seriously interfered with their importations of this material. It is most unfortunate that we have to import gyproc, because it can

[Mr. MacNicol.]

be made in huge quantities in Canada. Every province in Canada can make gyproc, and it is important in the construction of prefabricated houses, so that if we do go into the business of building houses on a large scale there should be some provision for keeping up a supply of gyproc.

I know the minister can do this. During the war he did a splendid job, as I have said. He did a good job in producing guns. I see my hon. friend the member for Hamilton East (Mr. Ross) looking at me. In his own city there was a gigantic plant built, the Westinghouse establishment, I believe. I went to see it myself. I should like to have the minister tell us, when he speaks in reply, why he cannot do the same job today in the production of houses in a large way.

If it is authority the minister wants, I for one would vote him that authority so that our people can have a chance to live. I would not undertake to describe their living conditions today. The people I come in contact with, the people I am talking about now, are not the rich class of people represented by the hon. member for Rosedale (Mr. Jackman) or the hon. member for St. Paul's (Mr. Ross). The people in those districts have fine homes. The men and women I am thinking about are the multitudes living in Davenport riding, in West Toronto, Trinity and Spadina. There they are in countless thousands packed in close together, many wanting homes. The conditions under which too many have to live are such as no human being ought to be asked to put up with.

I am not going to say much more. As I said at the beginning, I was one of those who felt, when the minister was appointed, knowing his capacity and his experience as a builder, that he would do a big job. Something has prevented him. What it is I do not know and I should like him to tell us. I believe he can do the job. I will not censure him in any way, because there is some reason why he has not done it, but the program now before us will not go very far in solving the housing problem.

The rent rate is too high. The cost of building is too high. We have to get down to a program such as they have in France and England. The minister nodded his head a few moments ago when I referred to houses that I had seen on the dock at Quebec City. Those were smart houses. I went through one and was well pleased. They were well built, well put together. It is a credit to France, and I am sure the French people are taking advantage of it.

The program announced by the minister yesterday will not be satisfactory. I appeal

to him to do whatever has to be done to promote a genuine housing program. I believe he is capable of doing a job of the proportions of the job he did during the war. At that time he produced all that was necessary for the men to fight, which resulted in winning the war. Let us win the peace by providing homes at a reasonable rent and homes at low cost to the average working man, not men who can pay $6,800, which is beyond the vast majority of the people I represent, but men who want houses costing $3,000 and no more. I am one who believes the minister can do the job.

Mr. KNOWLES: Mr. Speaker, I rise to a point of order. I realize that it may seem a bit unusual for one to rise on a point of order with respect to an amendment moved by a colleague, but I feel that the house would like to have a ruling fairly soon as to whether or not the amendment proposed by my colleague the hon. member for Weyburn (Mr. McKay) is in order.

Mr. SPEAKER: Order. As the hon. member knows, it is the privilege of any member to rise on a point of order, but he must state the point of order. A point of order is for the purpose of calling the attention of the Speaker to something done in the house which is out of order. I do not see the point of order to which the hon. member now rises when he seeks to prove to the house that the amendment is in order.

Mr. KNOWLES: Mr. Speaker, I will state the point of order briefly and if you ask me to resume my seat I will do so. I was going to ask Your Honour to rule, either now or at eight o'clock tonight, whether or not this amendment is in order, and having asked you to give a ruling, I was going to state the reasons for my conviction that the amendment is in order. If you feel that I cannot do that—

Some hon. MEMBERS: Order.

Mr. SPEAKER: I am sure the hon. member realizes perfectly well what rising to a point of order means. He has no point of order. The hon. member for Weyburn, Mr. McKay, moved, seconded by Mr. Nicholson:

That all the words after the word "that" be struck out and the following be substituted therefor:

"Mr. Speaker do not now leave the chair but that it be resolved that in the opinion of this house the government should give consideration to providing subsidized low-rental housing."

This amendment is out of order because—

Mr. KNOWLES: Oh, Mr. Speaker!

Some hon. MEMBERS: Order.

Mr. SPEAKER: —it is in the form of a declaration of principle which can be moved on the second reading of a bill but not on a motion that the Speaker leave the chair for the house to go into committee of the whole on a money resolution. Moreover, until the resolution is in committee of the whole, its terms cannot be changed. It must be referred in the terms expressed by His Excellency the Governor General in submitting it for the consideration of the house. The house must also consider standing order 50:

A motion to refer a bill, resolution or any question to the committee of the whole, or any standing or special committee, shall preclude all amendments of the main question.

For these two reasons, I regret that I have to declare the amendment out of order.

Mr. KNOWLES: With equal regret, Mr. Speaker, but because of the citations I have before me, which convince me that the amendment is in order, I must appeal your decision.

Mr. SPEAKER: Those who are in favour of Mr. Speaker's ruling will say "Yea".

Some hon. MEMBERS: Yea.

Mr. SPEAKER: Those against will say "Nay".

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the "yeas" have it. Call in the members.

Mr. Speaker put the question as follows:

The question before the house is an appeal from the decision given by the Speaker with regard to the amendment moved by the hon. member for Weyburn (Mr. McKay) and seconded by the hon. member for Mackenzie (Mr. Nicholson):

That all the words after the word "that" be struck out and and the following be substituted therefor:

"Mr. Speaker do not now leave the chair but that it be resolved that in the opinion of this house the government should give consideration to providing subsidized low-rental housing."

I declared this amendment out of order on two grounds. The first was because it is in the form of a declaration of principle which can be moved on the second reading of a bill but not on a motion that the Speaker leave the chair for the house to go into committee of the whole on a money resolution. Moreover, until the resolution is in committee of the whole, its terms cannot be changed; it must be referred to the committee in the terms expressed by His Excellency the Governor General in submitting it to the consideration of the house.

The second ground on which I declared the amendment out of order was standing order 50, to which I would call the attention of the house, and which reads as follows:

A motion to refer a bill, resolution or any question to the committee of the whole or any standing or special committee shall preclude all amendment of the main question.

On those two grounds I declared the amendment out of order. From that decision the hon. member for Winnipeg North Centre (Mr. Knowles) appeals.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Abbott	Gregg
Arsenault	Harkness
Baker	Harris (Grey-Bruce)
Barrett	Hazen
Beaudoin	Healy
Beaudry	Henderson
Belzile	Howe
Benidickson	Ilsley
Bertrand (Laurier)	Isnor
Bertrand (Prescott)	Jean
Black (Yukon)	Jutras
Blair	LaCroix
Blanchette	Langlois
Bonnier	Lapointe
Bourget	Leger
Bradette	Lennard
Bradshaw	Lesage
Brown	Little
Case	Lockhart
Charlton	McCann
Chevrier	McCulloch (Pictou)
Claxton	Macdonald (Brantford City)
Cloutier	McDonald (Parry Sound)
Coté (Verdun)	McGarry
Coyle	McIlraith
Croll	MacLean
Cruickshank	McLure
Daniel	McMaster
Dechene	MacNaught
Denis	MacNicol
Dickey	Marier
Douglas	Matthews (Brandon)
Emmerson	Maybank
Eudes	Mayhew
Fournier (Maisonneuve-Rosemont)	Merritt
Fraser	Michaud
Fulton	Mitchell
Gagnon	Mullins
Gardiner	Murphy
Gauthier (Nipissing)	Mutch
Gauthier (Portneuf)	Parent
Gibson (Comox-Alberni)	Pearkes
Gibson (Hamilton West)	Picard
Gingues	Pinard
Gladstone	Pouliot
Golding	Power
Gour (Russell)	Raymond (Wright)
Gourd (Chapleau)	Richard (Gloucester)
Grant	Rinfret
Ross (Hamilton East)	Ross (St. Paul's)
Ross (Souris)	Stokes
St. Laurent	Timmins
Sinclair	Warren
Sinnott	Webb
Skey	Weir
Smith (Calgary West)	White (Middlesex East)
Stephenson	Whitman
Stuart (Charlotte)	Winkler—117.

NAYS

Messrs:

Argue	Knowles
Bentley	Low
Blackmore	McCuaig
Bowerman	MacInnis
Bryce	McKay
Burton	Moore
Campbell	Nicholson
Castleden	Probe
Coldwell	Quelch
Fair	Shaw
Hansell	Strum, Mrs.
Hlynka	Thatcher
Irvine	Townley-Smith
Jaenicke	Wright
Johnston	Wylie
Knight	Zaplitny—32.

Mr. MARTIN: Mr. Speaker, I was paired with the hon. member for Cape Breton South (Mr. Gillis). Had I voted, I would have voted to sustain your decision.

Mr. BLACK (Cumberland): Mr. Speaker, I was paired with the hon. member for Queens-Lunenburg (Mr. Winters). Had I voted, I would have voted to sustain your ruling.

Mr. HERRIDGE: Mr. Speaker, I was paired with the hon. member for Algoma East (Mr. Farquhar). Had I voted, I would have voted against sustaining your decision.

(Translation):

Mr. HAMEL: I was paired with the hon. member for Champlain (Mr. Brunelle).

(Text):

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I do not often take part in a debate on housing, but coming from a city where there has been a housing crisis for years I feel that I must speak in this debate.

In so far as this resolution is an outline of the government's housing policy for 1948, I want to tell the minister that it does not come anywhere near meeting the housing needs of this country. Moreover, in my opinion this outline of policy will come as a shocking disappointment to those people who have clung to the hope that the federal government would assume its responsibility in the matter of housing. Instead of this being an indication that the government is going to assume its responsibilities in that regard, it is the final act of abdication of government responsibility for housing. It is done on the assumption that by various guarantees home building can be made attractive to what I think the minister

called yesterday professional landlords and investors. If the minister expects private enterprise to provide homes for the people of Canada, he is leaning on a broken reed.

The housing situation in Canada today is not something that developed either during or since the war. There was a housing shortage in Canada before the war began. What has happened since is that the housing shortage has become worse, and it still is becoming worse every day. Private enterprise cannot today and will not today provide homes for the people who need them most. If there is anything clear in the housing picture, that is it.

Let me draw the minister's attention to a few facts. In 1943 a committee, known as the Curtis advisory committee on reconstruction, was appointed to look into the housing situation. That committee reported on March 24, 1944. After outlining the housing situation in Canada, it made certain recommendations. For instance, at page 12 of the report it recommended the building of 606,000 urban units and 125,000 rural units in the first ten years following the war. That is, it proposed that, in order to meet the national requirements in housing, 731,000 units would be required in the first ten years following the war. In addition to that, I believe the report said that some 60,000 units would be necessary every year to meet the accumulating housing needs.

Then at page 13 the committee pointed out that there were many houses requiring substantial improvements and repairs. Of these there were 355,000 in the urban centres and 188,000 in rural areas, or a total of 543,000 homes in need of substantial improvements or repairs. That was the situation as it was found in 1943 and reported upon in 1944, at a time when the war had been in progress for about four years.

The minister said yesterday that in 1947 there were 77,000 units completed. I imagine that also some improvements have been made and some repairing has been done. In another portion of his speech the minister said that building was catching up with housing needs. He did not say, however, how many houses had been demolished in the last year. Going around Vancouver and Ottawa, I can see that great numbers have been torn down because of their becoming obsolete or being unfit for human habitation.

At page 14 the Curtis report says that tenants in the lowest income group, which constitutes one-third of the population, should not pay more than $12 a month. I realize that since 1944 there has been some increase in wages and in the cost of living, so that if we increase that figure by, say 50 per cent, we would have today a rent of $18 a month. Where in this measure is provision made for that third of the population who cannot pay more than $18 a month in rentals? What authority is providing homes for that part of the population?

Let me point out that that is the segment of the population which needs to be provided for. Once we get above that, we get closer to the people who are able to provide housing accommodation for themselves.

Perhaps you would call it six o'clock, Mr. Speaker.

Mr. KNOWLES: Mr. Speaker, I rise to a point of order. Beauchesne, second edition, citation 67, reads as follows:

> If a member was not present in the house when the question was put by the Speaker, he cannot have his vote recorded.

That is taken from Bourinot, page 381. I find it is in precisely those words in Bourinot, and that later, on the same page of Bourinot it is stated:

> If a question is raised after a division as to the right of a member to vote under the condition stated, the Speaker will inquire if the hon. member was present in the house and heard the question put. If he replied in the negative, his name will be struck off the list, and the clerk will again declare the numbers.

I call Your Honour's attention to the fact that when you put the question the hon. member for Quebec West and South (Mr. Parent) was not in the house. He came in later and took his seat—not seat No. 41, as has been indicated to be his, but rather seat No. 132.

An hon. MEMBER: That does not matter.

Mr. KNOWLES: I am not quarreling about the seat number he was in; I am just indicating what happened—that he was not in the house when the question was put.

This of course, could make no difference to the outcome of the vote, but I do think that particular rule should be adhered to, and I would appreciate it if Your Honour would consider the matter over the supper recess.

Mr. SPEAKER: I must say to my hon. friend that I have nothing to consider. I accept what the hon. member has said. But I would ask him to read again, and he may see a little farther on that if he had anything to complain about in connection with the division, the right time to do so was immediately after the division had been taken.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. MacINNIS: Mr. Speaker, when the house rose at six o'clock I was pointing out that what is needed at the present time in the way of a housing policy is a low-rental housing program and that such a program demands federal subsidies of one kind or another. But there is very little in the statement made by the minister yesterday to indicate that there is any intention on the part of the government to go ahead with a low-rental housing program. Unless we do that, we shall never have a housing program in Canada that will meet the needs of the people. That was the finding of the Curtis committee, and I should like to read three or four paragraphs from its report. At page 18 of the report the Curtis committee says:

Low-Rental Housing

A complete revision of part II of the National Housing Act should be undertaken with a view to the inauguration of a comprehensive low-rental housing program.

Again:

Local housing authorities should be established as the agencies for the operation of low-rental housing projects in the areas concerned.

Again:

Loans for capital costs for low-rental undertakings should be provided directly by the dominion government. at the lowest possible interest rates, desirably the current rate for long-term government bonds plus a small charge for administration.

Again at page 19:

The subsidies required for the purpose of permitting rentals to be set lower than the economic or commercial level should be provided by the dominion government in the form of annual grants. These would be made to local housing authorities for projects defined by reference to the income limits of the tenants and the construction costs of the projects.

The Canadian federation of mayors and municipalities in their last report make somewhat the same proposals, and the minister yesterday, at page 3642 of *Hansard,* had this to say in regard to those proposals:

The Canadian federation of mayors has already sent us a brief concerning low-rental housing. Their proposals have merit but are not acceptable in their present form chiefly because they contemplate full financing by the dominion government both in respect to capital costs and operating deficits.

In his statement yesterday, the minister said that an assisted national housing program should be in concert with the three levels of government. With that I absolutely agree because administration and other factors make such co-operation desirable. But under their present system of raising money the municipalities cannot provide funds for that kind of social work; I insist that housing is not only an economic question but a social one as well. If the funds are not provided, the people as a whole, who ultimately pay for everything, will have to pay for the lack of proper housing in other ways. I quote further from page 193 of the Curtis report:

One of the blind spots in thinking of housing policy is the belief that low rents mean rents of the order of $20-25 or even more, when considerably lower figures are necessary, for unskilled and low-wage workers, workers whose employment is irregular, or families with more than the average number of children. Until this perspective is righted, progress in catering for the needs of this section of the population, some of which is rural as well as urban, can hardly be expected.

What the Curtis report said in that regard is just as true today, if not more so, as it was when the report was made in 1944. It would be expected that the government, having set up this committee, which made a comprehensive report, would pay some attention to it and that the National Housing Act would, over the years, be amended accordingly; but so far as any amendments have been made since to the National Housing Act, they have been in a direction away from, rather than toward, the recommendations of the Curtis report.

In 1946 or 1947, I am not sure which, the minister made a statement in the house in regard to Housing Enterprises Limited, a group of insurance companies made proposals for building houses that could be rented for from $32.50 to $35 a month. On May 29, 1947, at page 3596 of *Hansard* the minister said this:

It (Housing Enterprises) was formed to build low-cost housing. The government has never been happy about that phase of the project. Even in its early stages it seemed doubtful whether it was building a class of housing that this government should endorse as being in the low-rental area.

That is, at the beginning when the units were to be let for $32.50 to $35 a month.

However, the insurance companies had for years been bringing pressure on the government to end government construction. It was claimed that this was a field which should be left to private enterprise. The government has always countered with the answer: if that is your field, why not take some direct part in it? Housing Enterprises was started as a private venture with the support of the federal government and by invitation of the federal government. The results have been becoming less and less satisfactory. When the decision was made by the insurance companies—not by the government—that activity in this field should be ended, the government had no objection.

The insurance companies, which have been providing some of the money for this sort of building, had been urging the government to get out of the housing business and let them do the job, and when the government let them do it, and gave them a loan of some $45,000,000 to boot, in a very short time they threw up their hands.

Speaking in the house on May 14, 1947, at page 3070 of *Hansard* the minister said:

> Last fall Housing Enterprises accumulated land for their 1947 program. The unsatisfactory nature of many of their 1946 cost-plus contracts made it prudent for Housing Enterprises to require that their 1947 program be carried out on the basis of firm bids. A firm bid has been received for some 400 units in Hamilton at a price which would result in rentals of $55, $65 and $75 for three-, four- and five-roomed units respectively. Housing Enterprises feel that the purpose for which they entered the field is not being fulfilled, and that rentals which result from such high cost are far in excess of those which the scheme envisaged. Unless it is possible for Housing Enterprises to secure considerably lower prices on other projects, they do not intend to proceed with their 1947 program.

With that experience of private enterprise in home building, we find the minister saying yesterday that it was the intention of the government to get out of the home construction business as quickly as possible and to encourage private enterprise to take over. He said, as reported on page 3641 of yesterday's *Hansard*:

> The dominion government is in the direct rental housing field because neither private enterprise nor other levels of government is providing greatly needed rental housing accommodation. I look forward to the day when the dominion may withdraw from the field of direct house building. Therefore we are anxious to do everything we can to encourage more private house building. The proposal before the house is designed to make rental housing more attractive to professional landlords and investors.

With the experience that my right hon. friend has had with private enterprise since 1945 in the building of houses and the results that have been achieved, and particularly with the results that have been achieved so far as low-rental housing is concerned, does he now expect that private enterprise can provide homes for the people in this country who need low-rental housing?

An hon. MEMBER: Of course not.

Mr. FRASER: They can do it much better than the C.C.F.

Mr. MacINNIS: I do not see that my Conservative friends are doing very much either, but it is neither a Conservative nor a C.C.F. housing plan that we are now discussing. We have a government housing plan, and I am not hopeful that the plan will produce houses for people in the low-income groups. Let me repeat that those in the upper income brackets will be able to provide houses for themselves without assistance. Therefore, so far as the bill is concerned what it does is this: it provides guaranteed income for private money lending institutions and the public takes the risk.

Mr. MacLEAN: What is your solution?

Mr. MacINNIS: My hon. friend seldom speaks in the house; therefore I shall take the time to reply to him and tell him that if he will listen carefully he will hear my solution. My solution is that the government, as has been recommended in the various reports which have been made to it by its own committees, must provide the means to build the houses which the people cannot build for themselves. If the hon. member for Cape Breton North-Victoria does not believe in that policy, then he must believe in the policy of leaving these people without shelter.

Mr. McILRAITH: That does not follow. That is not a good argument.

Mr. KNOWLES: What does he believe in?

Mr. MacINNIS: The housing situation throughout the whole of Canada is most deplorable. I hold in my hand a report made by a committee on housing in Vancouver under date of January, 1948, and I wish to quote a short paragraph from it, namely, the statement of the social service administrator for the city of Vancouver. He said, in regard to housing:

> The situation has greatly deteriorated during the past year (that is 1947). Low-rental housing is not available and social allowances and pensions are so far below the level of economic rentals that it is useless to hope that private landlords will rent quarters at the rates our clients are able to pay. In one instance a woman with two children, whose normal social allowance is $50 monthly, was persuaded to move from a shack which resembled a discarded packing case, and the only accommodation she could find was two rooms at a rental of $35 a month. To the normal shelter rate of $13 the department added $22 monthly. This case and many others like it indicate the need for subsidized housing units where adequate accommodation could be provided at lower costs than is now paid for the maintenance of slums.

I would urge not only the minister and the government but this house to see to it that provision is made to house the people of this country properly. If such provisions are not made we shall pay for the lack of them in other ways that will be much more expensive in the long run than if we provided decent homes.

The minister mentioned yesterday that we were catching up somewhat on the housing program. I quote again from this report:

Taking the city of Vancouver alone, the population increased last year (summer 1946 to summer 1947), by 14,800 persons, requiring, on the basis of 3·2 persons per family, some 4,600 additional housing units. New dwellings completed during the year ended December, 1947, totalled 2,669, showing a deficit of nearly 2,000 units. This figure takes no account of deterioration or demolition of existing dwellings. It is evident therefore that the enormous backlog of building, estimated at over 20,000 houses for the city alone in 1945, is not merely not being reduced, but is steadily increasing.

In the face of conditions of that kind, what effect will this program have? What effect will the government's policy have?

Mr. HOWE: May I ask the hon. member a question? As a prominent citizen of Vancouver, can he explain why Vancouver does not ask the government to build more wartime houses?

Mr. MacINNIS: I cannot explain that, except I suppose the fear of the authorities of Vancouver to incur expenses which, in a few years, might become a financial burden. I quite appreciate the efforts the minister has made during the past few years to get the city of Vancouver to take even a small part of the responsibility for housing, and I have criticized the city for not doing its share. I mentioned a moment ago that I did agree with the minister that a proper national housing scheme must be, because of conditions in Canada, on the three government levels.

The minister referred to the recommendations of the Canadian federation of mayors and municipalities. I have their program before me and I should like to quote three short paragraphs from the report:

The inescapable fact about low-rent housing is that, no matter what economies may be effected or how low-cost the project may be, there will be some families who are unable to afford the economic rent which such accommodation requires in order to support its capital costs and carrying charges.

And the next paragraph:

An annual rental subsidy (of one form or another) has come to be almost universally recognized as the best and most practicable technique for overcoming the problem. It is the basic principle now incorporated in the low-rent housing legislation of the United Kingdom, the United States, Australia, New Zealand, South Africa and Sweden.

"A rental subsidy has the merit of being flexible and subject to variation if circumstances or experience demand. It is straightforward in effect, and understandable as a rent-reduction fund applied to a clear-cut social welfare purpose."

[Mr. MacInnis.]

That is the statement of the Canadian federation of mayors and municipalities:

The last paragraph is from the Curtis report and is included in the recommendations of the Canadian federation of mayors and municipalities.

I ask the house to look at this matter, not only as a housing problem but also as a social problem, and in that connection I wish to quote one further statement, this time from the report of the community chest and council of greater Vancouver for May, 1947. With reference to housing, there is the following statement:

Inadequate housing leads to breakdown in physical and mental health, strained family relationships, behaviour difficulties, both of a minor and serious nature, and juvenile delinquency. When placement of children has to be made away from parents there is a loosening of family ties and damage to the normal development of the child's personality. This is particularly true of the pre-school child . . . In cases where the parents have had the problems of inadequate housing, high rent and low income, their sense of responsibility must be strong to overcome their problems and reunite the family. It appears obvious that provision of adequate housing is a cheaper measure than having to maintain citizens in hospitals, jails, detention homes, foster homes and mental hospitals. We all know that the cost in money of such curative and palliative measures is great. The cost in human values and human happiness is much greater and cannot be measured in terms of dollars and cents.

In conclusion I wish to say that I endorse everything that the hon. member for Davenport (Mr. MacNicol) said this afternoon about the minister's abilities in handling measures of the kind we are now discussing. I would say to the minister and to the house that, in view of the desperate need of the people of Canada for housing, in view of the evidence already available that private enterprise cannot and will not provide homes for the great bulk of the Canadian population who need it most, the resolution now before us is not worthy of the minister who introduced it. It is not the way in which he set out to provide the sinews of war for many of those who now find themselves without homes. It should, in my opinion, be withdrawn and a more adequate program introduced.

(Translation):

Mr. PIERRE GAUTHIER (Portneuf): Mr. Speaker, Samuel Johnson wrote that praise, like gold and diamonds, owes its value only to its scarcity. As I have but little praise to offer this evening, I shall keep that precept in mind. Nor have I any inconsiderate or bitter reproaches to direct to anyone. I rise only to

complete certain statistics, to correct one or two points in the speech made this afternoon by the hon. member for St. Maurice-Laflèche (Mr. Hamel). I recall the Cartier election, when the labour progressive party candidate was opposing two other candidates. I took part in this fight which took place, I believe, in 1943. In the matter of demobilization, referred to by the hon. member, I must say that it ended in fact on September 1, 1947, because of the fact that the non-permanent service was then in effect.

I shall not indulge in particularly bitter reproach, Mr. Speaker. However, in seeking to excuse the provincial or municipal governments which prefer not to handle the housing problem, the hon. member said that the federal government had made a mess of the situation and that it is rather difficult now for these other governments to solve this problem, or to have their autonomy respected. I believe, Mr. Speaker, that autonomy can apply both ways. I know that during the war the dominion government took a special and direct interest in the building of houses. Since the war is over, normally the provincial and municipal governments should immediately have claimed their autonomy and should have set to work. However, the dominion agreed to build houses, not to favour any province in particular, but the country as a whole. If my memory serves me right, the hon. member quoted statistics to show that building had decreased. In my opinion, if building appears to have slowed down, it is because the figures he quoted included not only dwellings, but various war plants erected during the last war, a fact that the hon. member forgot to mention. That is why his statistics are not entirely fair to those who build houses. I have here a table showing the number of houses built during the war compared to the total number built during the period from 1945 to 1947. In 1941, during the war, 48,000 houses were built while 40,000 were completed in 1942, 36,000 in 1943 and 39,000 in 1944 which comes to 163,000 dwellings for the war years, this figure not including war plants. On the other hand, here are approximate though fairly accurate figures on Canada's post-war housing achievement: 48,000 dwellings were built in 1945, 67,000 in 1946, and, according to the latest statistics, 78,000 in 1947, so that almost 190,000 houses were completed in this period. From 1941 to 1947, the Wartime Housing Limited, a crown corporation, put up 31,192 houses. You will grant, Mr. Speaker, that if failure there is, it is a failure from which those concerned have obtained a rather nice cut. However, and this happens very often, there are some who pocket no more than 10 per cent to 15 per cent. I realize that it is quite a problem but one must keep in mind various factors such as time, place and even climate. I heard the hon. member compare our housing program with home-building in England. When my hon. friend reaches LaTuque at 2 o'clock in the morning at forty below zero weather to tour the northern part of his constituency, I am sure that he would not want to leave a coach that had been built for the English climate, nor would he like to put up at a hotel.

So I say that the construction of Canadian houses cannot be compared to that of English houses. The construction of Canadian houses requires more care; walls and foundations have to be much thicker and more damp-proof. That type of construction therefore calls for a lot more building materials, and greater care on the part of the builders. Besides, it must not be assumed that a country with a budget like ours and a population like ours can build as many houses as a country with a budget much higher than ours and where the house-builders show only half the care of our own builders. Comparisons are odious. My hon. friend will remember that saying which he often heard while he attended the seminary. The hon. member has perhaps been in Europe. Houses over there are quite unlike ours. In Italy houses seem to be built to stand anything. When the weather is damp, they do not feel it over there as we do in our Canadian houses. One advantage is that they do not need a heating system. Sometimes they have a fire-place, but that is all. But they do not build with the same care as we do here. So there is no comparison.

We must not forget either that during the war, and especially towards the end, from 1944 to 1947, numerous strikes broke out in this country. My hon. friend knows that. These strikes paralysed production, especially that of building materials, including steel. What with strikes on the one hand, and a rush of builders on the other, the building industry was bound to feel the effects of this shortage. No country could expect to solve this difficulty faster than we have. My hon.

friend who is well-read, is undoubtedly aware that there is not another country in Europe or indeed in the world, whose post-war reconstruction has progressed further than Belgium's. In order to arrive at the point where it finds itself now, Belgium was obliged to impose almost irritating restrictions on its people. Belgium has always wished to restore itself—too often had it acted as a shock absorber between two hostile nations—and has imposed sacrifices on itself to achieve that end. There was much criticism of course, but Belgium did, in fact, set the world an example which Canada has never ceased following to a certain extent. I can understand the hon. member claiming that the shortage of building materials was due to an excess of exports. I cannot blame him when he mentions England. I myself have often spoken of England and I have frequently stated that she was costing us a lot of money. On the other hand, he knows that I have changed my position regarding the two billion dollar loan. I looked upon the spreading of the communist tentacles over Europe as very disquieting. I could not let another country fall, another country which could prevent the spread of communism. Like a man who fears danger, I had to change my position; however, that does not mean that I have modified my personal feelings towards imperialism. In view of those circumstances, I vote in exactly the opposite way that I had voted when the famous gifts to Britain were approved.

As regards the export of lumber, here is a table prepared by the Dominion Bureau of Statistics. With your permission, Mr. Speaker, I shall first give the value of our exports to all countries:

1939	$ 48,800,000
1940	67,700,000
1941	74,200,000
1942	80,100,000
1943	74,200,000
1944	90,100,000
1945	98,900,000
1946	125,400,000

Now, by way of comparison and so as to satisfy my hon. friend and help him to complete his statistics, I am going to indicate our exports to the United Kingdom and the United States:

United Kingdom	
1939	$25,600,000
1940	40,200,000
1941	25,100,000
1942	22,500,000
1945	38,700,000
1946	36,200,000

[Mr. Gauthier (Portneuf).]

Our exports to the United States in 1939 amounted to $16,900,000, or less than our exports to England for the same year, in 1940 they represented $20,400,000, again less than to England. For 1941, the amount was $41,400,000, while our exports to England only amounted to $25,100,000; for 1942, the figure was $53,100,000 as compared with $22,500,000 to England; for 1943, $33,600,000 while the exports to England had a value of $35,500,000, or a little more than to the United States; for 1944, $44,600,000 to the United States and $38,100,000 to England; for 1945, $50,200,000 and $38,700,000 respectively. Finally, in 1946, the value of our exports to the United States was $60,400,000 and to England $36,200,000.

While not going so far as to say that we should render unto Caesar the things that are Caesar's, I feel that we must complete the statistics and indicate that if we had heavy exports to the United Kingdom, a country which has long been a natural and important market for Canadian products, nevertheless our exports of the same product to the United States have been larger during the corresponding period.

In order to make a comparison of the Canadian lumber production from 1944 to 1947, in billions of feet, I should say that the Canadian industry produced, in 1944, half a billion feet more than in 1939; in 1945, one billion feet more; in 1946, again one billion feet more; and in 1947, 1·2 billion feet more than in 1939. It goes to prove that if building materials or lumber have been scarce it was not because of any decrease in our production or on account of too heavy shipments to England, for we were exporting to other countries and not only to England. Besides, my hon. friend should note that these exports are mainly from the west, the maritimes or the Gaspé peninsula, while the bulk of central Canada's production remains in this country.

In other words, the figures are so significant, under the circumstances, that we cannot but believe that my hon. friend should have completed the statistics he gave us, in order to make a more accurate comparison, if possible, and to do justice not only to Canada or the United States but even to England.

The hon. member mentioned building materials. I know that the premier of the province of Quebec—

Mr. GAGNON: May I direct a question to the hon. member?

Mr. GAUTHIER (Portneuf): Yes.

Mr. GAGNON: Would the hon. member kindly tell me whether the lumber shipped to England from 1940 to 1945 was sold at the same price as that which was exported to the United States?

Mr. GAUTHIER (Portneuf): Quite possibly it was not, but I do not see why there should be a substantial difference between the price of the lumber sold to the United States and that sold to Great Britain.

Mr. GAGNON: Will the hon. member permit a further question?

Mr. GAUTHIER (Portneuf): Hear! hear!

Mr. GAGNON: If we sold our lumber at a lower price in England than in the United States, the quantity shipped to the United Kingdom might be greater, although the amount received would be less.

Mr. GAUTHIER (Portneuf): For my hon. friend's information the hon. member for Gaspé (Mr. Langlois), who is well informed on the matter, tells me that we were selling our lumber at a better price in England than in the United States.

Mr. GAGNON: Very well. I thank you.

Mr. GAUTHIER (Portneuf): As for building materials, I shall mention only a few, for I do not wish to drag on the debate. It will suffice, however, to show that in addition to our exports we have imported a large amount of the materials required to build houses.

Let us take cement, for instance. The following table is in thousands of barrels:

	Exports	Imports
1945	282·5	32·7
1946	114·4	350·1
1947	88·0	1,248·6

If we imported we also exported and our imports were much greater than our exports. That should surely enable us to build houses in Canada.

Then, as far as bricks are concerned, the excess of our exports over our imports amounted to 2,559·7 thousands from 1945 to 1947. During the same period our brick production was more than adequate for the needs of our building program. That is why we exported such a large quantity.

Now, how much rock wool did we export? From 1945 to 1947, none at all, but as this building material is widely used we imported, and the figures quoted are in thousands of square feet, 5,993·3 in 1945, 7,822·3 in 1946 and 5,775·4 in 1947.

Take plaster, for instance. In 1945, we exported 447 tons and imported 2,884 while in 1946, we sent abroad 969 tons and brought in 7,663; then, in 1947, our exports amounted to 1,423 tons and our imports, to 10,071. The difference of 17,749 tons shows the extent to which imports exceed exports.

My hon. friend will notice that we bring in far more building materials than we send abroad.

Take glass, for instance. In 1945 our exports in thousands of square feet, came to 15·3, while our imports, for the same year, amounted to 39,803·8.

A while ago, I spoke of the steel industry. Take nails, wire and so forth. In 1945, we brought in 814 tons and sent abroad 71 tons while in 1946, we exported 1,270 tons and imported 680.

In 1947 our exports amounted to 32 tons and our imports to 4,147 tons. Thus, our imports exceeded our imports by 2,782 tons.

Now here are the pre-war figures relative to our exports of certain items, as compared with the 1945, 1946 and 1947 figures. In 1939 we exported 8,054 tons of nails; in 1945, 814 tons; 1946, 1,270 tons, and in 1947, 32 tons. Exports have decreased because we planned to assist the builders.

Mr. HAMEL: May I ask the hon. member a question?

Mr. GAUTHIER (Portneuf): Yes.

Mr. HAMEL: Would the hon. member say where he obtained those figures?

Mr. GAUTHIER (Portneuf): All this was given before. The hon. member's question reminds me of what Boileau has said in his *Art Poétique:* "Travaillez, prenez de la peine, c'est le fond qui manque le moins." Should the hon. member abide by this principle . . .

Mr. GAGNON: Here in Ottawa, statistics are what we have the most of.

Mr. GAUTHIER (Portneuf): If my hon. friend had gone to some trouble he would have come across the table quoted in another debate

by the hon. member for Gaspé (Mr. Langlois). These tables were never challenged.

I am sure that the hon. member for Gaspé got his figures either from the Canada Year Book or from the Department of Trade and Commerce. And I am certain that he is ready to vouch with me for their accuracy.

Mr. LANGLOIS: That is where they come from.

Mr. GAUTHIER (Portneuf): The hon. member knows that during the war the federal government encouraged the production of building materials. To increase the production of these materials they went so far as to grant manufacturers rather large premiums.

I shall quote a whole table of figures, also provided by the hon. member for Gaspé, an industrious man, and I would advise my hon. friend to re-read the speech that the hon. member for Gaspé made during another debate.

Mr. HAMEL: Is it the one mentioned by *Le Devoir?*

Mr. GAUTHIER (Portneuf): Possibly. And that is why I want to read the table supplied to me by my hon. friend, regarding our lumber export trade. He had been asked to supply those figures. I have asked him to lend me this table so that I might answer the hon. member and set at ease the minds of our friends at *Le Devoir.*

Mr. LANGLOIS: That has even been much criticized by Shields.

Mr. GAUTHIER (Portneuf): I shall read the table on lumber; the figures are in thousand million feet. For the year 1939, 4 billion; 1945, 4 and three-quarter billion; 1946, 4 and three-quarter billion; 1947, 5 billion. Hot air furnaces, per unit: 1939, 25,000; 1945, 35,000; 1946, 43,000; 1947, 56,000. Surely that item has not prevented the building of houses. In order to teach a lesson to those who claim that the federal government, through its ill-advised policies, is preventing the construction of a greater number of houses, I should like to have comparable figures for other countries, including Great Britain. I have not been able to get them. My hon. friend can look them up so as to get a better idea of the work done in our country, not only by the government, but by private builders as well. These figures indicate that much has been done in order to provide housing for our people. I might quote any number of figures concerning other products, but I do not wish to detain the house longer than is necessary. The hon. members do me the honour of listening quite attentively to what I have to say, for which I thank them.

I now wish to criticize all those who build houses nowadays, the government and Wartime Housing Limited among others. The situation in Quebec is somewhat peculiar. It is, in fact, intolerable, since the houses that are being built there are too small. Whether we like it or not, the population of Quebec is certainly going to continue increasing. Our good Canadians of French descent, as well as those of Irish and Scottish stock, will continue to people the province of Quebec because they believe in it. I must say that the present government in Quebec may lose power at any time, but let it be. I contend that the houses built are not big enough. One way of preventing the spread of communism and satisfying the people is to give them good dwellings. We must be able to house the father, the mother and their ten or fifteen children, without compelling them to sleep two or three per bed, as I have often seen when I gave them medical assistance. It is imperative that we build bigger houses. Again I say—and I speak particularly to the youngest among us—that we have no intention of reducing the number of children in our families, because we have faith in this good old Canadian soil and wish to preserve the tradition of the province of Quebec, which has always overcome the difficulties it has found in its path.

I spoke a moment ago of provincial autonomy. In concluding, Mr. Speaker, I hope you will permit me to repeat some of the words spoken by the hon. member for St. Maurice-Laflèche (Mr. Hamel). Now that the dominion government has made a mess of things—and this is about what he said—how do you expect provincial and municipal authorities to plunge in and take over a sphere that rightly belongs to them? It is always dangerous to play with the principle of provincial autonomy. Like the butterfly, one always ends with wings singed. As I do not wish to be called to order, I shall make only passing reference to this subject of provincial autonomy. I voted against the motion dealing with milk because I wanted the province of Quebec to keep its autonomy in this respect. Was the price of milk

reduced? When the dominion government surrendered its rights on gasoline, was the price of this commodity lowered? May I quote a few words spoken by Mr. Eugène l'Heureux. My friend knows him and thinks very highly of him; he also realizes that this gentleman does not often talk through his hat.

According to many people, the provincial government feels that in doing nothing to settle the strike which is exceedingly disastrous for the country, it maintains a state of things that will compel the dominion authorities to interfere under dual pressure from Canadian consumers who require meat and from European buyers who expect delivery of goods promised by Canada.

I beg the hon. member for Chicoutimi to listen carefully.

Mr. GAGNON: I can hardly follow you.

Mr. GAUTHIER (Portneuf): It is always possible to secure information.

Mr. GAGNON: Especially on this side of the house.

Mr. GAUTHIER (Portneuf): I do not say that my hon. friend from St. Maurice-Laflèche had that in mind, far from it, but I think someone must have thought of it. Mr. l'Heureux concludes by quoting the words of a good Canadian who said: "Give me your autonomy, since you do not know what to do with it."

Mr. GAGNON: Will the hon. member permit me a question?

Mr. GAUTHIER (Portneuf): Certainly.

Mr. GAGNON: If I have understood correctly, the hon. member has a personal and well-informed statistician in the person of the hon. member for Gaspe.

Mr. GAUTHIER (Portneuf): I am glad of it, and I pride myself on that.

Mr. GAGNON: I concur with you.

Mr. BEAUDOIN: You would do well to do it more often.

Mr. GAGNON: You should do so yourself; it would stand you in good stead.

Mr. BEAUDOIN: It would also be helpful to you.

Mr. GAGNON: Possibly.

You were referring just now to large families in the province of Quebec and you said that the houses built by the contractors did not meet those families' requirements. Could you tell us how many suitable houses for these families have been built in the province of Quebec?

Mr. GAUTHIER (Portneuf): I told you a few minutes ago that I was expecting further statistics. I was unable to secure them before this debate. However, as soon as they reach me, I shall gladly send them to the hon. member for Chicoutimi.

Mr. GAGNON: Hear, hear!

(Text):

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, when Bill No. 176, to amend the National Housing Act, was before parliament a year ago, I stated on the 29th of May:

Indeed if it were not for the outstanding contribution the Minister of Reconstruction and Supply made during the war I would be pressing for his resignation on account of the housing conditions in Canada.

Nearly a year has passed since then, and relatively the housing situation is much worse today than it was a year ago. I do not think I have ever heard the minister make as weak an address to parliament as the one he made yesterday in speaking to this resolution. I have before me several reports published by the authority of the minister who is sponsoring this resolution. One is the story of Polymer; another is the T.C.A. annual report; another the Canadian Mutual Aid report; and the annual report to the Minister of Reconstruction, of Central Mortgage and Housing Corporation.

The minister risked his reputation and $50,000,000 of the taxpayers' money when he sanctioned the construction of the Polymer corporation. I was among the members of parliament privileged during the war to visit this project. Previously I have paid tribute to the minister for his courage and ingenuity in being responsible for the construction of what I understand is one of the most efficient synthetic rubber plants in the whole world. It is hard to exaggerate the part played by this industry in achieving the allied victory.

The annual report of the T.C.A. contains some interesting pictures. There is a picture of one of the North Stars bought by the minister for $600,000. There is a picture of the minister and the previous president of T.C.A. and party,

after completing a record non-stop flight from Vancouver to Montreal in the space of six hours and fifty-two minutes.

The Canadian Mutual Aid board, of which the minister was chairman, tells something in its report of Canada's contribution to the allied victory by the distribution of mutual aid during the war. I find that contributions were made to Australia, totalling $91,000,000; the British West Indies, $5,000,000; China, $39,000,000; France, $25,000,000; India, $18,000,000; New Zealand, $15,000,000; U.S.S.R., $167,000,000; the United Kingdom, $2,112,000,000, and other contributions to UNRRA and others, making a total of $2,482,000,000.

When you compare those contributions made by the department under the supervision of the minister with the contributions made in the field of housing I am sure that the minister is not proud of this department which comes under his supervision.

I find that there are no pictures in the annual report of Central Mortgage and Housing Corporation. The minister is not proud of the slum-like houses built during the war by Wartime Housing. I criticized the construction of those houses at the time, pointing out that, since this was the first major entry of the dominion government into the field of housing, it seemed a pity that potential slums should be built by the federal authority. The minister promised that these houses would be torn down within two or five years' time at the most after the ending of hostilities, but I contended what has proved to be a fact, that they would never be torn down so long as less desirable houses were being occupied in the various centres. Unfortunately, in every centre where wartime houses were built there will be for a very long time many less desirable houses occupied. So I repeat that wartime houses are potential slum dwellings.

The report has an interesting section dealing with the construction of rural housing. It mentions that section 14 of the National Housing Act, providing for loans to assist in the construction of rural housing, was proclaimed by order in council on June 24, 1947. I might mention that the act was passed in 1944, so that it took four long years to get the government to pass an order in council finally to make this section of the act effective. Later on they were running out of material and you have a repetition of very much the same material. A couple of pages later, on page 9, they go into quite a long discussion pointing out that, because of the Saskatchewan farm security act and its application to National Housing Act farm loans, no such farm loans will be made in Saskatchewan. It goes on:

> Until satisfactory arrangements can be concluded with each of the governments of the prairie provinces to permit the use of a flexible payment plan for repayment of loans by farmers operating farms primarily grain-growing in character, the corporation is not willing to approve applications from this type of farm.

No loans in Saskatchewan, no loans in the prairie provinces. Nearly a whole page in the annual report tells of what the government is doing in the field of rural housing, and then at the last, at the bottom of page 9 I find this:

> No applications for farm loans were received in 1947.

And so, after years and years, not a single five-cent piece is being made available by the federal government with a view to dealing with the urgent rural housing problems that I shall mention before I am through.

The speech delivered by the minister yesterday should be studied very carefully by everyone who looks for a solution of this problem of housing. At page 3639 of *Hansard* he points out:

> I would point out, however, that the greatest demand and need is for rental housing. Many people buying houses are only doing so because they cannot secure rented accommodation.

That has been perfectly obvious for a long time. The housing situation is so acute that people have been obliged to pay two prices for houses to get some place to live. It is unfortunate that the young men who went from Canada and risked their lives during the war years and fought to save their homes should find, when they come back, that the government, which made such fine promises, has made no adequate provision to find them homes, and so they have had to go into debt, sell their chattels, mortgage their future and pay two prices for houses.

Mr. MacNICOL: And they will never be able to pay for them.

Mr. NICHOLSON: As the hon. member for Davenport points out, it will be physically impossible for many of these veterans to pay for them. I am told that there is quite a racket in Canada by organizations which are dealing in second mortgages. The demand for housing has been so great that in order to get a roof over their heads people will pay any price. They are able to get first mortgages at fairly low rates, but they must pay high rates to get second mortgages.

On page 3640 of *Hansard* an interesting paragraph appears. The minister said:

In 1947 it became evident that Housing Enterprises could not produce housing at satisfactory cost levels. Housing Enterprises decided to abandon new projects in 1947 and limit their activities to the completion of the 3,313 units under construction.

I might suggest in passing, Mr. Speaker, that the minister should try to get Mr. Mansur, president of Central Mortgage and Housing, to use more original language in his annual reports rather than copy the words of the minister word for word. I am not going to take time to compare the paragraphs, but I think Mr. Mansur uses words almost identical with those of the minister. Let me remind the house that on July 22, 1946, the minister told the house of the wonderful plans that had been made to have rental housing built. He said as reported at page 3686 of *Hansard:*

Next I would like to deal with the activities of Housing Enterprises of Canada, Limited. Hon. members will remember that at the last session of the house amendments were made to sections 9 and 11 of the National Housing Act whereby an institutional holding company could proceed with rental housing. Shortly after these amendments were passed, all life insurance companies operating in Canada joined together and formed a mutual institutional holding company in the name of Housing Enterprises of Canada, Limited. Housing Enterprises contemplated a two-year program of about 10,000 units and planned to distribute the much-needed rental housing throughout the urban communities from coast to coast. The financial arrangement is that loans are made to Housing Enterprises under section 9, as I have previously described, and the 10 per cent equity of Housing Enterprises comes under the provision of section 11 of this act.

On the next page the minister said:

I would like to express my appreciation, as well as that of the government, for the co-operation of the life insurance companies in entering into the rental housing field at this time when conditions are so difficult.

The hon. member for Vancouver East (Mr. MacInnis) referred to the minister's reference to Housing Enterprises a year ago when it was fairly obvious that the set-up was on the way out. The minister said yesterday:

In August, 1947, the life insurance companies which owned Housing Enterprises, approached us to request that the Central Mortgage and Housing Corporation take over their operations. In light of all circumstances the government accepted this proposal. The corporation has taken over Housing Enterprises Limited and has completed and rented the 3,313 units in the thirty-two projects.

Two years ago the minister promised that the solution for rental housing had been proposed by the insurance companies who were so anxious to get into this field. Two years later Central Mortgage and Housing Corporation come to the government and asked the government to bail them out and take over the uncompleted projects. The hon. member for Vancouver East also referred to another part of the minister's speech which appears on page 3641 of *Hansard.*

The dominion government is in the direct rental housing field because neither private enterprise nor other levels of government is providing greatly needed rental housing accommodation.

Some of the United States magazines, Mr. Speaker, offer handsome prizes every month for the funniest articles that appear in print each month. I plan to send the paragraph which I have just read, and I offer to share proceeds with the minister if it is selected. The dominion government is now in this housing field, because no other government would do anything about it and private enterprise would not do anything about it, and the minister now looks forward to the day when the dominion can withdraw from the field. He is going to withdraw by guaranteeing that people who lend money will have their loans guaranteed for a long period, and I submit that that is a most amazing statement for any cabinet minister to make.

I argued all through the years that there was no reason why a government which could spend $50,000,000 on the Polymer Corporation or on organizing the transcontinental and the trans-Atlantic air service could not take the responsibility of going into slum clearing and low-rental housing projects. The amount of money that was spent by Canada on our mutual aid program, nearly $2,500,000,000, as compared with the amount of money we have lost on housing, is of interest. In the annual report of the Central Mortgage and Housing Corporation we find that at the end of the year the net losses paid out under the housing act amounted to $2,147. I submit, Mr. Speaker, that with Canada's housing situation as critical as it is, the government cannot be very proud of having lost less than $3,000 in trying to provide adequate housing for the people of the dominion.

I have spoken on this question of housing frequently in parliament, but I cannot claim to be an authority on the subject. Tonight I should like to call to witness important organizations in Canada and in the United States—I will not get across to Europe—to support the point of view that we have made from time

to time that housing is Canada's No. 1 problem. The citizens of this country must be divided roughly into three groups: first, the group of people who can provide housing for themselves without any assistance at all; second, the group that will provide adequate housing if loans can be made available at reasonable rates of interest, such as has been done through the National Housing Act, and the third and largest group of all, as large as the other two groups put together, the people whose incomes, unfortunately, have been fixed at such low levels that it is physically impossible for them to pay an economic rent for decent housing.

I should like to start with Halifax, Nova Scotia. Halifax had its citizens' local committee which presented its report some time ago, and this is the significant paragraph:

> It is not a question whether we shall pay or shall not pay, it is a question of whether we shall pay blindly or intelligently, whether we pay for better housing or for the damage done by that which is worse. Housing of the poor we are going to provide, let us make no mistake about that. It is only a question whether we shall house them in hospitals, mental institutions, reformatories and jails; or whether we shall house them in cleanly, light and sanitary surroundings where both body and soul will have a chance. Which shall it be?

The housing position in Vancouver has been carefully studied by a representative group of citizens in that city. I am not selecting these cities because they have unusual conditions. Every city in Canada has its blighted and slum areas. Some cities have been more courageous in examining the situation and placing the facts out in broad daylight, and some people in these cities have been agitating with a view to getting something done. The Vancouver group have prepared an interesting report, and the section on the cost of slums is significant. It reads as follows:

> Health. While it is rarely possible to isolate completely the damage to health caused by housing from that which is attributable to other social evils connected with poverty, such as malnutrition, the sum total of statistical and medical evidence which has been accumulated in recent years is so overwhelming that the cardinal importance of bad housing as a source of ill health is now generally recognized.

It mentions that a great many people, because of the housing situation, have been forced to supplement their housing allowances by cutting down on food consumption, and goes on to say:

> The vicious circle thus created can only be broken by a determined effort on the part of the community as a whole to raise the conditions of those who have fallen below a minimum standard of healthful living.

[Mr. Nicholson.]

This report refers to the city of Cleveland where 12½ per cent of the deaths from tuberculosis occurred in the slum area containing only 2·4 per cent of the population. In one of the poorer areas of Vancouver the death-rate from tuberculosis was 102 per 100,000 as compared with 35 in the remaining part of the city. That, I submit, is a matter of concern not only to the people in Vancouver but to Canadians in all parts of the country. Three times as many died from tuberculosis in the blighted areas of Vancouver as died in the rest of the city. In the Chinese section 285 died, twice as many as in the slum area. Infant mortality was 73 per 1,000 as compared with 30 in the rest of the city. This report deals with the death rate in Liverpool and in other British cities and throughout the world, and the evidence is that wherever you have slum areas you have an added cost in fire prevention, you have sickness and juvenile delinquency, all of which costs have to be borne by the rest of the people.

I urge that the minister instruct his officers to give careful consideration to this report on housing in Vancouver. For a number of years the chief inspector of the division of sanitation and housing of the city of Winnipeg has made interesting reports. Mr. Officer, when he was in charge of this division, made this statement in his report in 1942:

> It is surely not too much to say that when our men on active service return to civil life they have a right to expect that decent living quarters for their future family life is available, or at least in process of construction.

Now, after many of the men are home, the situation is worse than ever. I have the last two reports here, and the report for 1947 states:

> We say that the housing situation is somewhat worse than it was a year ago . . . With all the clamour and publicity that has attended this amount of construction, it still leaves untouched the basic need of decent housing accommodation for thousands of our citizens . . . It is impossible for the majority of comfortably established individuals to sympathize adequately with the appalling housing conditions of today, under which a considerable section of the population lives. Were it otherwise, the general complacency of the public would vanish in a manner bodeful of much, to the comfortably encysted traditionalists in public and private life.

I suggest that members of parliament and members of the cabinet should try for a year coming into Ottawa, limiting themselves to the average income of the average citizen of Canada. Let them try to find living accommodations, spending one-fifth of the average Canadian income for the housing. Let them

try coming here, if they have children, to find living quarters where children are permitted.

I submit that if the minister of reconstruction and the members of the cabinet were in closer contact with people who have been house hunting in this and other cities of Canada we would be taking more vigorous action to solve the problem.

Let me now refer to Toronto for a moment. Sometimes that city is called Toronto the good. I should like to refer to the report of the lieutenant governor's committee on housing in Toronto in 1934. The then lieutenant-governor of Ontario, who was one of our colleagues here for many years, the Hon. Doctor Bruce, was responsible for convening a representative committee, and in his remarks at a banquet he made this statement:

> These areas of misery and degradation exert an unhappy environmental influence upon many of our citizens.

I was interested to know that the present hon. member for Muskoka-Ontario (Mr. Macdonnell) was then president of the board of trade in Toronto and was one of the group of responsible citizens in Toronto who took an active part in preparing this report. A survey was made of some of the worst areas in the city, and it was found:

> Of the 1,332 dwellings and 1,421 households covered by the survey,
> Ninety-six per cent of the dwellings fell below minimum standard of amenities,
> Seventy-five per cent of the dwellings fell below the minimum health standard,
> Forty-three per cent had no cellars,
> Twenty-eight per cent were in a bad state of repair and a further 53 per cent definitely in need of repairs,
> Eight-two per cent had no method of central heating and depended on stoves,
> Fifty-eight per cent were damp and 20 per cent of these dwellings were subject to flood.
> Nine per cent had no electricity,
> Forty per cent had smells inside or out,
> Fifty-five per cent were verminous,
> Fifty-nine per cent had no bath,
> Twenty per cent had outside toilets and a further 19 per cent had unsatisfactory inside toilets.

And so on. That was in 1934 and these units which were examined in that year are still being occupied.

The board of trade recently entertained members of the House of Commons in Toronto, and I should like publicly to express my appreciation of their wonderful hospitality. They were to be commended for taking us on a comprehensive tour of the city, including not only Rosedale and the Forest Hill village but some of the slum areas. I wish to put in a word for my Toronto friends and to express the hope that the federal government will take an interest in the slum-clearing program that Toronto has been discussing since 1934. It is not good enough to say that the government of Ontario and the city of Toronto have not made the necessary representations. The fact is that the government of Canada must take official responsibility for slum clearing and low-rental housing in Canada. It must take the initiative and Toronto the good would be an ideal place in which to start.

Time is moving on and I shall not be able to refer to some of the American cities which I should like to discuss—New York, Green Belt, New Haven, and some of the other cities there which I have visited. I visited those cities in order to see what they were doing in the matter of housing. The report from Los Angeles states:

> The housing authority of the city of Los Angeles is a public body, corporate and political. It was created by the enactment of the California housing authorities law in 1938. It is not a department of the city government, but is a political subdivision of the state of California. It has direct lines to three governmental bodies, the city, the state, and the federal government. The housing authority was officially established in Los Angeles on June 2, 1938, by a resolution adopted by the mayor and the city council. The basic objectives of the housing authority are twofold:
>
> First, to clear the sub-standard dwellings existing in the city of Los Angeles and second, to provide decent, safe and sanitary homes for the lowest income families living in sub-standard dwellings who are unable to afford decent accommodations at rents required by private enterprise.

In this report they satisfy the private builders, whom the minister is so anxious not to offend. They say:

> The housing authority has established its maximum entrance rental in the public low-rent housing developments thirty-one per cent below the lowest rent at which private enterprise can profitably provide standard housing. By law it can only provide housing for those low income families living in sub-standard housing. For these two reasons competition with privately owned standard property is impossible.

I think it should be prefectly obvious that if Canada undertook a major low-rental subsidies housing program such as was proposed in the report of the advisory committee on reconstruction during the war, it would have a stabilizing effect on our whole economy. I might mention that back in 1934-35, when we had more than 1,000,000 unemployed, a group of businessmen took the trouble to come to Ottawa to appear before a parliamentary committee to outline plans they had to solve the unemployment problem by means of low-cost housing. They suggested that the government borrow money from the Bank of Canada and

make it available for housing at 2 or 2½ per cent, suggesting that the money that would be saved by undertaking a building program to produce 130,000 or 140,000 housing units in three years would take every able-bodied man's family off relief.

Before my time expires I would point out to the minister that there are a great many constructive proposals which have been made and which in my opinion should have been acted upon before now. I have here an article by Professor Arthur of the University of Toronto, who was a member of the committee responsible for drawing up this so-called Curtis report. In this article he says:

> The desire for better housing, and better living standards generally is a post-war objective which is firmly rooted in the minds of people in all ranks of life. Construction work in the housing field can be of particular importance, both in providing employment opportunities for men demobilized from the armed forces, and for men released by war industries.

In his article he estimates the savings that would be effected if a large project could be undertaken rather than the building of individual houses. He suggests that if 100 dwellings were built, there would be a minimum saving of 10 per cent, a probable saving of 18 per cent and a maximum saving of 27 per cent; whereas if 1,000 dwelling units were built, there would be a minimum saving of 6 per cent, a probable saving of 20 per cent and a maximum saving of 35 per cent. But the government is not travelling in that direction. I received a letter from a builder in Edmonton who was complaining about the obsolete ideas that are still prevailing. He says:

> The government is practically forcing old-fashioned methods on the building industry. If you choose to prefabricate parts of houses in a plant in order to achieve economies with machinery and production line techniques you are liable to federal sales tax of 8 per cent on some at least of the operations on the grounds that it is a manufacturing operation.

In this day and age I think it should be obvious that tremendous savings could be effected by building cupboards and a great many parts of houses inside in the wintertime, increasing the off-site work.

Professor Arthur has an interesting section on farm housing, in which he says:

> We are inclined to assume too readily that the farmer and his family are happy with their outhouse, their oil lamps, lack of refrigeration and lack of bathing facilities, except where provided by a galvanized basin. Of the total farm dwellings in Canada (730,000), 677,100 or 92·7 per cent were without bathing facilities and 92 per cent lacked flush toilets.

[Mr. Nicholson.]

That was when the last census was taken in 1941. The breakdown according to provinces is here. I will not take the time now to give it to the house. But with over 90 per cent of the farm homes in this dominion without bathing facilities or flush toilets, one does not need to have much imagination to visualize what a tremendous stimulus would be given to the whole building trade if Canada would face up to solving its rural housing problem.

I have in my hand one of the reports from the Department of Reconstruction and Supply, entitled "Manpower and Material Requirements for a Housing Program in Canada." I should like to say to hon. members that this is an excellent study, showing what it would cost to undertake and complete 80,000 houses in Canada. The figures are as follows:

Materials	$280,317,000
On-site labour	200,227,000
Overhead and profits	53,394,000
Total	$533,938,000

That is for desirable standards. But if actual standards that we now use were employed, that amount could be written down to $440 million.

Then, over at page 66 of the book is given the amount of cement and the value in dollars that would be needed for this sort of project. I hope that businessmen across Canada will take a more active interest in trying to press the federal and provincial governments to enter this low-cost housing field in order to provide houses for people in the lower income brackets. The figures are as follows:

Cement, gravel and sand	$ 21,344,000
Brick, tile and stone	13,920,000
Lumber and its products	119,527,000
Lath, plaster and insulation materials	31,693,000
Roofing materials	8,109,000
Paint and glass	8,978,000
Plumbing and heating equipment and fixtures	52,050,000
Electrical equipment and fixtures	10,805,000
Other materials	13,891,000
Total	$280,317,000

The fact is that we have no shortage of any of these materials. For the minister to come to parliament and suggest that we are going to make it easier to get into the rental housing field, to provide rental housing that will be available at $75 and $80, is an insult to 75 per cent, yes, 85 per cent of the Canadian people. The only people who can take advantage of rentals of $75 and $80 a month are those who, somehow or another, would be able to find housing.

In concluding my remarks, Mr. Speaker, I want to urge that the minister withdraw his proposed legislation and bring in a bill outlining comprehensive planning of our resources and manpower, taking into account the needs for housing. When, during the war, a flying Catalina was required, the fact that it cost $250,000 did not cause the minister to hesitate. Why does he get up in parliament and say that $6,800 per unit is the maximum limit that Canada will go for housing? Who knows that $6,800 is the limit our resources will provide? We do not want housing again where it is possible to get men on relief to supplement their incomes by working for twenty cents an hour. We do not want painters to supplement their incomes while on relief by painting houses for a song. We want those who are engaged in the housing industry to be paid union wages so that they, too, can look forward, on their incomes, to having houses.

As the minister in charge of housing in New Zealand told us when he was here during the war, when he took over the responsibility for housing, his objective was to see that every family in New Zealand would have a house, that every family would have a garden, that every individual in New Zealand would have a room in the house that he could call his own. So I submit that the minister cannot wait until we have a depression and until prices go down before facing up to the job of providing houses. Without any further delay the minister should convene a conference of representatives of government on the dominion, provincial and municipal levels, to work out the techniques in connection with the administration and managing, with a view to getting a start in slum clearance, low-rental housing and farm housing.

Mr. W. A. McMASTER (High Park): I rise at this time in the debate, Mr. Speaker, to offer a few observations. I hope to say something constructive to the minister in charge of housing. As has already been said this afternoon by the hon. member for Parkdale (Mr. Timmins), the type of house that was being built, the five-room or four-room house, is uneconomical and is one that would last a family for only a short time. By the very nature of things, young families ultimately require larger houses. I spoke some time ago on this question, and I suggested to the minister that if the government wanted to produce homes for people, perhaps the semi-detached brick house which could be erected quickly, easily and cheaply would be a far better home than the type of house that has been built.

If you happen to fly over the city of Toronto, you will find some small houses; they look like playhouses, built here and there. They look fine from the air, but I suggest to the minister that the reason for the shortage of houses in the city of Toronto today is the fact that this type of house has been built. I do not know why it has been built. I assume it is being built by private builders as well as by government agencies, but for some reason or another this type of house has become popular. I believe one of these houses is shown in the literature which is given out by the national housing administration. Everybody buys it simply because he cannot get anything else. If the type of house with six rooms could be built, I suggest that the extra room in this house would largely provide for the people who are now without homes in Toronto. I believe that the situation is probably somewhat better today than it was a year or two years ago, but there is still a great deal of distress in the city of Toronto because of the housing shortage. From my own experience, I know of a case where a man who is at the present time in a tubercular sanitarium, cannot come home because his wife and child are living in one room alone. They need a house badly; yet they can neither get into their own house nor rent another one at a reasonable figure.

In Toronto, according to statistics which I believe to be correct, the number of persons per unit of housing is no greater now than it was in 1940, and probably no greater than during the worst of the depression. In greater Toronto in 1939, with a population of 868,000, some 200,000 housing units were available. In 1947, with an increase of 14·5 per cent in population to 993,000, there were 232,000 housing units, so that really the number of persons per unit has not increased. It is the distribution that is bad.

In this house I have called upon the Minister of Trade and Commerce (Mr. Howe), then Minister of Reconstruction and Supply, to put into effect the emergency legislation and compel people to share their accommodation. I know it is not very nice for a person with a large house and a small family to have to share it, but if that legislation were put into operation I do not believe it would have to be used very much, because the situation would right itself by the very force of circumstances. Arrangements would be made by owners of large houses to bring people into their homes, which would mean that other accommodation would become available. A government that prevents a man from getting into his own home, which he has bought and paid for and badly needs, could just as easily use the emergency legisla-

tion that is still in force to make available surplus accommodation in cities like Toronto.

I have said that the five-room house is not an economical design; indeed it is the most expensive. In the first place, a five-room house all on one floor is most uneconomical because it requires a large roof and large foundation, two expensive parts of a house. A six-room house requires no more public utilities. The same water main will do for six rooms as well as for four or five rooms. The same plumbing will do, and the same furnace, so that the actual cost of a six-room house as compared with a five-room house is not much greater, even if it were all on one floor. After all, to make a house four feet wider only means eight feet more of wall, and a very small amount of plastering, flooring and all the other things that go into a house. Every room has a door, and that door will do for a large room as well for a small one. So, from the point of view of economical building, the cost does not increase proportionately with the size of the house.

That is true of a one storey building. When you come to a two-storey home you have a smaller roof and a smaller foundation, and you have a house which can be subdivided more conveniently. In Toronto these five-room houses are all they can buy, unless they find an older house; and often when people buy one of these five-room houses they have to leave some of their relatives behind, because there is no place for them. As the hon. member for Parkdale pointed out this afternoon, a five-room house is meant for a family of only three, or at the most four; the couple themselves and a boy or a girl, or two boys or two girls. It is uneconomical in every respect; and even at that these houses cost so much that the poorer people of Toronto cannot afford to buy them.

Mr. HOWE: If I may interrupt, our experience has been quite the reverse. We did build six-room houses at one time. In the early days we gave preference to four-room and six-room houses, and the four-room houses were by far the most popular. In many places six-room houses were difficult to rent. The five-room house was a compromise, which seems to have the most popular appeal. That is the reality of the situation.

Mr. McMASTER: My experience would be entirely different.

Mr. HOWE: I think my hon. friend is theorizing, is he not?

Mr. McMASTER: No, I am not; I know what I am talking about. I know how the old six-room houses sold, and that people who bought them were able to obtain some revenue by renting the upstairs. It is impossible to sublet part of a five-room house which is all on one floor. I should like to know where in Toronto six-room houses were built by Wartime Housing.

Mr. HOWE: They were not built in Toronto. Toronto has built fewer houses in proportion than any city in Canada. The reason is that there is practically no land in Toronto on which to build houses.

Mr. McMASTER: If you speak of Toronto itself that may be true, but if you speak of greater Toronto, while we have the lake on one side, there is unlimited land on the other.

Mr. HOWE: Try to build houses there. Your experience may be better than mine.

Mr. McMASTER: I know something about building in Toronto. I know that in the township of York, close to the city, where they have water mains and sewers and all the utilities, and where land is available, they refused to allow the dominion to erect these houses because they would not conform to their fire by-laws. The dominion wanted to build frame houses.

Mr. HOWE: Then your theory is that the dominion must meet the views of the municipality, rather than the municipality meeting the views of the dominion?

Mr. McMASTER: I am trying to answer the minister's statement that six-room houses were not popular, and that there was no land available in Toronto. There is plenty of good land, but the dominion did not buy good land. Wherever there was a little valley between a couple of hills, that was the land the dominion bought. The people are out there in mud during the spring and fall, and it will never be a really good residential district. I can tell you where one of those places is. It is just north of Weston. The dominion bought the worst land they could find. They went miles from good transportation when there was plenty of land available close to the city of Toronto, with all the public utilities necessary to make livable homes.

Mr. HOWE: If my hon. friend would make some of that land available to Wartime Housing we would like to put some houses on it.

Mr. McMASTER: If Wartime Housing will come to me in Toronto I can give them a great deal of help.

Mr. HOWE: But perhaps my hon. friend prefers just to talk about the matter.

Mr. McMASTER: I should know something about it. I have been in Toronto for forty-six

years; I have practised law there. I have some idea not only of housing at the present time but of housing following the first great war, of housing following the boom which burst in 1913, and some idea of the housing situation in Toronto following the 1890 boom.

Mr. HOWE: I have built only forty thousand of them in the last five or six years.

Mr. McMASTER: You mean acting on behalf of the Dominion of Canada?

Mr. HOWE: Yes.

Mr. McMASTER: That is what I complain about; in my opinion you have not made a good job of it.

Mr. HOWE: I would like the benefit of your broad experience, just the same.

Mr. McMASTER: I am only interested in behalf of the people who want houses.

Mr. HOWE: What would be my interest, do you think?

Mr. McMASTER: Perhaps we are both interested in the same thing and are going at it in different ways. I am making suggestions which I believe are absolutely correct. The minister thinks differently, but I am sure he is wrong, because I know people want homes. At times in Toronto today when they want to get into homes they have bought they will say to the tenant, "Keep four rooms and give me two." I will admit that these are mainly the older houses, which have at least six rooms. You will find very few five-room cottages in older Toronto. In my own riding of High Park I suppose there must be twenty thousand houses, but I do not believe there are five hundred one-storey five-room houses among them. The houses are principally of the semi-detached type, with good people living in them.

After all, as the last speaker said, it is the people in the very low income brackets who want these homes in the worst way, and how can they pay $6,500, $7,500 or $8,500 for a little box of a house which would not be big enough for a family of any size? They do not want hardwood floors; they do not want all these fine things. They want a home to go to live in. I can say to the minister, who built 40,000 houses since then, that after every other depression there were always houses built, not completely finished. People went out and built their own homes. Perhaps they did not always have foundations under them. I think they made a mistake in that respect, because it costs more to do that after the house is built than before. However, they built their own homes of five or six rooms, and started with those homes. It was a place to live in.

Today those homes will sell for almost anything, to people who can buy them. They are places to live in—and today they want places to which they can go. Unfortunately, the government in this building crusade upon which it has entered has tried to build small finely finished houses. They have waited for months to get plumbing for those houses. A person can, on the outskirts of Toronto, be without plumbing for a short time, so long as he has a place to sleep. They want places to which they can go, so that they will have something over their heads.

For this reason I say the government has made a tremendous mistake in building that type of house. These are frame houses, by the way. Frame houses, as a rule, use lumber which should be used in other parts of the house. There has been a shortage of material, in spite of what anybody says. There is a shortage of material and there has been a tremendous increase in the price of building materials.

What has been the cause of this increase in prices? I can give the answer to that. A booklet has been sent out by the Department of Reconstruction and Supply, dated January, 1948. It goes on, with a great deal of pride, to tell what they have done for business people. It tells of the millions of dollars spent to build factories and other commercial places. They take it as a matter of pride that they have allowed $1,400,000,000 in depreciation to help in connection with the building of those factories and commercial houses.

The minister may say that is a good thing. It is; but not a good thing when you have competition with the building of private homes. The people have to have houses to live in; that is absolutely necessary. The building of factories, et cetera, should have been postponed until a later date, when the people had their homes provided for them. At that time the building of these factories could have been provided as, in fact, the minister indicated was the intention, so as to take up the slack at the time when there might be a recession. Unfortunately, however, he has gone ahead, and he has guessed wrongly. He thought the recession was coming sooner, and he allowed these factories to go ahead and to use up all the available materials for that type of building.

Mr. HOWE: I am the only one who guessed right. I am the only man in this house who predicted that there would not be a depression after the war. Every Tory stood

up and talked about the depression which would follow the war. My hon. friend knows that as well as I do.

Mr. McMASTER: I did not hear what the minister said, but I did understand him to say that he predicted a depression.

Mr. HOWE: I say that I was the only man in the house who has not predicted a depression.

Mr. McMASTER: If you have not, then you have taken the very best means to see that, when a depression does come, it will be a very bad one; because you have spent the money, in a time like this.

Mr. HOWE: You are predicting one now, are you? May I ask my hon. friend a question?

Mr. McMASTER: Yes.

Mr. HOWE: Does he say that when the war ended we should not have permitted any industrial construction at all in Canada, and that we should turn all hands to work at building houses? I would like him to answer that question yes or no. He is, in my opinion, making a very absurd speech.

Mr. McMASTER: I cannot say yes or no, because there may have been some that were absolutely necessary.

Mr. HOWE: I see.

Mr. McMASTER: But I venture to say there was very little of it that was absolutely necessary. I say that people who had gone on manufacturing in a plant for many years could have continued without difficulty for several years longer without a new building, and it would have affected nobody's health. In the meantime these homes could have been built for people to live in.

Mr. HOWE: No trouble about employing the million of people then engaged in war work?

Mr. McMASTER: I am talking about something I know a little about.

Mr. HOWE: Well, I have been carrying the responsibility for employment in this country for several years. I don't know the first thing about it!

Mr. McMASTER: The minister said there was something he did not know a thing about. Well, it is interesting to know that. I should like him to say now what it is, because I do not think I could sleep without knowing what it was that he did not know anything about.

Mr. HOWE: I said that I had been carrying the responsibility for seven or eight years, and I did not know the first thing about it. My hon. friend can tell me all about it at this stage.

Mr. McMASTER: Well—

Mr. HOWE: And he is glad to do it.

Mr. McMASTER: The responsibility for carrying on during seven or eight years has not been the responsibility of building houses. After all, a man can have so much responsibility that he cannot look after everything. I got on my feet to offer some constructive criticism because—

Mr. HOWE: And in my opinion you are offering something very silly.

Mr. McMASTER: —it is my duty as a member of parliament to do it.

Mr. HOWE: Very silly.

Mr. McMASTER: With regard to the minister's program concerning housing, commercial building and other types of building, may I say I have seen a report made by the building commissioner for the city of Toronto in which he says that very few houses—only some few hundred—are being built in Toronto proper, as distinct from the suburbs. But up to May 1, or about May 1, 1947, $21,000,000 worth of permits had been taken out for commercial and other buildings, other than houses. With that competition between the building of factories and the building of houses, what is the inevitable result? Prices have gone up. Materials have been scarce. As a result, the houses which people are going to buy today are at prices which are simply ridiculous. They will lose those houses, as sure as your life. The government, after all, will take losses—and perhaps they can stand it. But the people will lose those houses, and all the money they have put into them.

I see them buying these new houses at around $8,500—five-roomed houses in districts which, to say the least, are not particularly high class. That is, they are being built among other houses which have been up for many years, and are more or less inferior so far as the type of construction is concerned. That is what the government is doing for these people. And when I say this—

Mr. HOWE: The government is not doing it. The government have not built houses in Toronto.

Mr. McMASTER: Well, the government takes a great deal of credit for building 77,000 of them. Perhaps they did not do it. I do not know. They did not do it all, because private enterprise is still doing its part. But it is doing that part, despite the difficulties

which have been made by the government of Canada in allowing this other building to go on.

Mr. HOWE: Tory mentality is beyond me!

Mr. McMASTER: Is it not a fact that if materials were scarce at any time, and those materials are used up for something else, they are bound to be more scarce? The result is that labour was used up, in the building trades. Prices have gone up to such an extent that, while the builders themselves may have high wages, temporarily, a considerable portion of that goes back to the government by way of taxation. They will suffer from the results of a depression which will come, just the same as any other persons in the community. Everyone will suffer—not only those who cause them, but those who will be the unwitting victims.

I have referred to this accelerated depreciation. I did not intend to go into that tonight. It was just a statement of fact. However, perhaps we should examine it and see what is the result. We see that $1,400,000,000 of accelerated depreciation was given to people who have factories and other commercial building enterprises, for the purpose of helping them to build. That may not be all they spent; I do not suppose it is. But that $1,400,000,000 would build 175,000 houses at $8,000 each. And you ought to build a pretty fair six-room house for $8,000.

Mr. HOWE: Whose money is that accelerated depreciation? It is not government money.

Mr. McMASTER: That is what I am thinking about. I do not care; they have to get it from the government.

Mr. HOWE: You cannot spend money you never had.

Mr. McMASTER: The government could have had it right in their mitt, if they had wanted it.

Mr. HOWE: How?

Mr. McMASTER: By collecting it, the same as they collected on incomes from me and from other people.

Mr. HOWE: To my knowledge we are collecting it just as fast, if it is accelerated.

Mr. McMASTER: I did not catch the minister's interruption. I could not get what he said.

Mr. HOWE: Make your speech.

Mr. McMASTER: No. When I got to my feet I said I was going to speak for only a few moments. I wanted to give the minister some help.

Mr. HOWE: You would not let me choose where I think I could get help, would you?

Mr. McMASTER: I could not catch what the minister said, but I think I have the answer. Apparently the minister, who is a great man for undertaking great work, is going to persist in his bad ways and will not take the advice of others who perhaps know something about this problem, so we shall have to let him go ahead and do the best he can. But I suggest that something should be done as quickly as possible to relieve the situation which does exist in Toronto, and it is true of every other city. I can say to the minister I did not think the situation would last this long. I thought that, through the inevitable results of death and people moving, the situation would be relieved, but it has not been relieved to any extent. It is not quite as bad as it was, but it is still bad and I hope the minister will do his best to relieve it.

Mrs. GLADYS STRUM (Qu'Appelle): Mr. Speaker, I am sorry the minister is upset, but I can assure him that he is not half as upset as people who have bought houses and cannot get into them. Pick up the paper any morning and read the cases that have come into court of people who have suffered nervous breakdowns and developed other conditions of bad health as a result of not being able to get into the houses they have purchased in good faith. I think rental regulations are absolutely imperative. We cannot permit people to start wholesale moving, even if they have bought houses. It would merely add to the confusion and congestion.

I have in my hand a page from a Winnipeg newspaper which is undertaking to inform the public as to the actual conditions under which people are forced to live. It is not only the person on a low income or without wages who is now finding himself in this terrible and distressing position, but there just are not enough living units for our population, and while I think the immigration policy of the government is perfectly justified—no one will say that we could not use immigrants and no one will say that we have not the responsibility to take immigrants—yet no one can deny that by admitting immigrants we are just adding to the demand for more housing and our situation will thereby become much worse instead of better.

I have in this paper pictures of families huddled in one room, under the most trying sort of family arrangements. If the minister

would only set up housekeeping and try to live with three or four people in one room, do the dishes, dry the baby's laundry, and try to look after the children doing their homework, with someone in the household perhaps working on a night shift, he would know what these conditions mean to family life. It is a wonder that there are not more families breaking up and more mothers in mental hospitals and more fathers running away and deserting their families. I do not wonder that fathers leave home and mothers go crazy under such conditions. I am surprised that there are not more cases of that kind when one considers the strain we put on human beings by forcing them to accept this sort of living conditions.

I am holding in my hand a picture of one family. Their residence consists of one room, measuring nine by twelve feet. Five persons—a couple and their three children—live in that one room. The father, who was evicted from another home two months ago, has been searching for a suite since he first brought his family to this room, but cannot find anything within his ability to pay, which is $25.

The three children in this family, aged six, four and two, use the muddy, junk-strewn, half-lane shown in the photo as a playground. Beyond it is a busy street screaming with continuous traffic. That single door is the entrance to their room where the two-year old youngster, on account of lack of room, must sleep in a baby carriage. Three administrations—civic, provincial and federal—have faced the problem of Winnipeg's shocking housing conditions, but the problem still remains unsolved.

The newspaper goes on to point out that there are places where there are empty houses, but they are not being used because the cost of occupancy is beyond the means of the people who should be occupying a home.

I want to suggest to the minister that, although many thousands of homes have been built under various schemes, there is no use in considering this housing situation as a temporary emergency. Old and well-developed democracies like Great Britain, the United States and Sweden, and any civilized country that attempts to care for the needs of its population, have been forced to enter the field of subsidized low-rental housing. There is nothing new about it; there is nothing risky about it; there is no debate about it. Every country with any regard for human decency undertakes it as a permanent feature of modern civilization. It is as simple and basic as that, and it is time we accepted that as a principle and quit thinking in terms merely of the financial angle of it, as we do at present.

The National Housing Act has built many houses and will build many more, but it is designed to give the greatest assistance to those who need it the least. It is designed to make a very profitable investment outlet for the life insurance companies, which get five per cent on their money with no risk. It is a life insurance housing scheme which is completely beyond the reach of the people who need it most, the people who are living under the conditions described and pictured in this paper. I should like to send it over to the minister.

Mr. HOWE: Are you sure it is safe for me to read it?

Mrs. STRUM: I think it is time we read our own reports, the Curtis report and a whole stack of other reports. There is enough in our government's own literature to have taken us into subsidized low-rental housing long ago. In the twelve years since the first National Housing Act was passed, 42,772 loans have been made, totalling $218,000,000. Net losses during this period have been only 0·28 per cent, or less than one-half of one per cent. That shows to what extent we have protected the people who are making the investment. The risks were not borne by the private companies. We have underwritten the risks for the private companies and guaranteed them five per cent interest. I think that proves that the people of Canada are subsidizing the life insurance companies. I think we might better subsidize the people who need low-rent housing, because if we do not we shall have to pay in other ways, in social costs, in fires, crime, disease, juvenile delinquency and broken homes, and we shall not be getting the thing we need most, which is large-scale housing at a low rental.

I want to point out what I am sure the minister will agree is another weakness in the National Housing Act. The individual who has the greatest need, trying to buy a home, will not be able to find the $2,000 or so which is the difference between the mortgage and the cost of the home. For instance, your home costs $8,100. You can borrow 95 per cent of the first $3,000, 85 per cent of the second $3,000, and 70 per cent of the remainder, a total of $6,100. Therefore, as an individual you must find about $2,000. I ask the minister, with the cost of living index at an all-time high in Canada today—and yesterday's paper proved that it went up a couple of points last month—where can a family today put away $2,000 in savings, if it is to feed and clothe children? It just is not being done. The fact that it cannot be done

shows that many many people will never accumulate that backlog of saving which will permit them to start paying on a home. If they were fortunate enough to come into a legacy if their mother-in-law died and left them something that was not expected, and if they got a nest-egg, to finance that kind of home, the wage earners would have to receive a wage of $50 a week. The incomes of wage earners in Canada do not reach that figure. I hold in my hand a breakdown of wages, which is taken from the Canada Year Book for 1947.

Mr. HOWE: What has that to do with wages in 1948?

Mrs. STRUM: What has the cost of living to do with it? The cost of living today far more than cancels out any gain in wages. I think most people agree with me. They are not on cabinet ministers' salaries, and they are trying to live within their incomes. According to the Canada Year Book for 1947, approximately 80 per cent of the total labour force made less than $2,000 in 1946. Our own figures indicate that at least a third of our people will never be able to own their own homes because they have large families and small incomes. I wish to point out to the minister that it is the people with small incomes who have the large families. It has always been so.

Mr. HOWE: Is that so?

Mrs. STRUM: Yes, and the minister only needs to look at his own figures.

Mr. HOWE: I do not agree.

Mrs. STRUM: I am not going to argue biology with the minister, but I am suggesting what the statistics seem to indicate. We find that some countries have undertaken to meet the needs of these families. For instance, we find that Sweden has undertaken to reduce the rent as the family goes up. That is a very useful and sensible thing to do and it should be supported. Under the Swedish housing plan, we find that a family with one child receives a 10 per cent rebate from the city; a family with two children receives a 20 per cent rebate, and so on up to as high as 70 per cent on the initial rent. Thus, a family with three children would pay $250 rent a year for a smart three-roomed flat with kitchen and bath, instead of $360, while a family with five children would pay only $180 for the same flat.

I do not think the private home owner can afford to subsidize children. Canada is investing quite considerable sums in her children. The biggest payment in our social security expenditure is our family allowances, and I think it is the soundest expenditure made. This year it will cost us $267 million to help to see that our children get such things as milk, oranges and shoes. If we are to spend $267 million on family allowances we should spend something on subsidized housing to make sure that these families have enough sleeping accommodation, a decent area in which to play, planned residential areas where there are parks and playgrounds and where traffic does not come. We have to begin to plan for people in this country instead of planning for life insurance and investment companies. Our utter contempt of human beings is abominable, and it is time that we began to see the human factor in this housing need, and arrange our finances accordingly.

There is not much more that I want to say, except to repeat that every civilized country in the world is doing something about a permanent long-term plan for subsidized low-rental housing. I have seen them in Washington; I have seen them around New York; I have seen them in many places. New Zealand has done wonderful work. I saw their houses. They imported Canadian lumber to build them. We have not an excuse in this country. The fact that after the war we began to build cocktail bars, bowling alleys and theatres is a reflection—

Mr. SINNOTT: The government?

Mrs. STRUM: We permitted these people to go into that kind of thing. The government did it. These things absorbed our building supplies, and I do not think we should ever have denied the children of this country and permitted these people to build these luxury and unnecessary things which could have waited. The families of this country should come first. When you see that New York is going to pour $325 million into housing in three categories, not only subsidized housing but other kinds as well, it makes you stop and think. New York is going into non-subsidized housing, paying economic rent, because they see that there are people who can afford to pay rent but are not getting places because private enterprise cannot begin to meet the needs of construction.

In the March 22 issue of the *Christian Science Monitor* an excellent survey of New York's plans appears. It covers veterans housing, non-subsidized housing and subsidized housing for the low-rental group. Therefore I would urge the minister to bring Canada back to the level of other civilized countries and as a permanent plan, to embark on a provision for this kind of assistance to people who

will not otherwise be housed decently. Surely we have some responsibility to see that every Canadian has a good home and a good environment in which to raise healthy children.

Mr. J. S. SINNOTT (Springfield): Mr. Speaker, the hon. member who has just taken her seat has given a good illustration of running down Canada.

Mrs. STRUM: On a point of order, Mr. Speaker—

Mr. DEPUTY SPEAKER: Order.

Mrs. STRUM: I should like to ask the hon. member how I ran down Canada when I quoted figures from our own reports to show something for which Canada should be ashamed. Is that running down Canada?

Mr. SINNOTT: Read it in *Hansard* tomorrow.

Mrs. STRUM: Is telling the truth about Canada running her down?

Mr. SINNOTT: If the hon. member does not remember what she said she may read it in *Hansard* tomorrow.

Mrs. STRUM: Well, stick to the facts.

Mr. SINNOTT: In following the speeches which have been delivered from the other side of the house, I do not want to be critical of any party or of any person who has taken part in the debate.

Mrs. STRUM: Be critical of the right things.

Mr. SINNOTT: I believe they try to put things as plain as they can, but I do not take the attitude that I should run down Canada or compare it with any other country. I believe that Canada takes first place amongst the countries of the world.

Mrs. STRUM: Are you defending her slums?

Mr. SINNOTT: I do not intend to place all the blame on the government; I do not intend to take newspaper clippings and send them to the minister.

Mrs. STRUM: You should.

Mr. SINNOTT: I do not intend to do that, because these conditions will prevail, and it does not make any difference what you do. If families will not look after themselves it does not matter what the government does; they will still be the same. The example that was brought before the house tonight was that of a family which had become dissolved. The man had left and the woman had to get along as best she could. These people had been responsible for their own condition, and no blame whatsoever rests on the government.

[Mrs. Strum.]

Mrs. STRUM: That was your illustration. It was not mine.

Mr. SINNOTT: I saw that picture in the *Free Press* some two months ago.

Mrs. STRUM: It is not the same one. The illustration the hon. member used is not the one I used. Mine was since May 1.

Mr. SINNOTT: Some hon. members have blamed the government for the shortage of houses. That is not true, because during wartime a good many people moved from the country into the city. They took up houses near manufacturing plants and war plants and they are still there. They do not wish to go back to the farms, and one cannot blame them, because the accommodation on most farms is not nearly as good as it is in the city. However, most of the speakers who have taken part on the opposition side have laid all the blame on the government's doorstep. Such is not the case.

Mr. JOHNSTON: Where else would you put it?

Mr. SINNOTT: I will put it where it belongs, if you give me time.

Mr. JOHNSTON: You will be kicked out of the party if you do.

Mr. SINNOTT: The hon. member who has made the interjection has been very helpful, because if many people in Canada today were to do what he has done, use their ten fingers and get busy with a hammer and do some work, they would have homes. The hon. member has had the good fortune to see his own home completed, and if many other people would do the same there would not be the trouble we have today.

Mr. LOW: He apologized.

Mr. SINNOTT: In fairness I must say that I refer to the hardworking gentleman representing Bow River (Mr. Johnston). There is one thing that I do not like to see continuing, and that is the rise in the cost of housing. While the opposition has been steadily pounding at the continued rise in the cost of housing, no solution has yet been proposed. We all know that in 1939 we could build a house for approximately half what we have to pay today. I built a twelve-roomed house in 1943 and it cost me $5,900. Anyone who wishes to see a picture of it can come up to my room and I will show him one. It is all stuccoed, has electric lights and every convenience. Since that time, labour costs have risen from sixty cents an hour to $1.60.

In Windsor at the present time carpenters are on strike holding up construction; bricklayers were on strike a while ago holding up construction; electricians have been on strike holding up construction. They will not work for less than $1.65 an hour and they do not do half a day's work compared with what they used to do.

The ordinary man who wants to have a plumbing job done for $5 or $10 cannot get an ordinary plumber but a man who has joined a union and who is paid $2 an hour for fiddling around the pipe. By the time he gets the job done his bill is approximately $50. I do not care what anyone says; I will say here and now that labour has to be told when the end is reached. When a man works eight hours a day and gets $20 he is not getting what should be coming to him. The people who work in order to provide food for the nation, producing it from the sea and the land, have to work also. People must be told that if they are to survive they have to work for what they get.

We have been debating freight rates at considerable length in this house. I am off the subject at the moment, but as soon as things are ironed out and there is enough money so that the railways can balance things, there is another threatened strike for a 25 per cent or 30 per cent increase. I know there was a time when I worked for thirty cents an hour and got $2.40 a day. Now they are asking for an increase of thirty cents an hour all at once. These things have to stop, or we shall have a serious depression and labour will be the first to suffer.

Mr. CAMPBELL: Are you speaking for the government?

Mr. SINNOTT: As I said before, the cost of housing is too high for the average man; unless we can find some way of building a house for the average man, it will cost between $4,000 and $5,000, and in my honest opinion he will never be able to pay for it. But there are many people who are looking for high-class houses and are driving $2,000 automobiles. The luxuries come first.

We might as well face the facts right now. We have to cut our coat according to our cloth, and if there were more people who had that frame of mind the situation would be greatly relieved.

Mr. BRYCE: May I ask the hon. gentleman a question? After his disparaging remarks about labour unions, does he remember when he and I were taking $1 a hundred for milk and formed a milk producers' association to enable us to get a better price for our product? Through the efforts of that union that he and I formed, we get $4.05 today. Why object to the other fellow protecting himself?

Mr. SINNOTT: The hon. member's question is very helpful. At that time we were producing milk, but the labourers are not producing labour.

Mr. DEPUTY SPEAKER: Shall the motion carry?

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, just one minute. Coming as I do from a city where the housing problem is a serious one, I felt that I should be taking part in this debate; but when I consider the seriousness of the housing problem and the complete failure of the government to give leadership, the emptiness of this legislation is so apparent that, so far as I am concerned, it is not worth talking about.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker, I wish to say a few words in closing the debate.

Mr. DEPUTY SPEAKER: With unanimous consent the minister may speak again.

Mr. HOWE: I am entitled to close the debate.

Some hon. MEMBERS: Oh, no.

Some hon. MEMBERS: Go ahead.

Mr. HOWE: I thought I had the privilege of closing the debate.

Mr. DEPUTY SPEAKER: The house has given unanimous consent.

Mr. HOWE: I wish to say just a few words.

Mr. ROSS (Souris): Make it snappy.

Mr. HOWE: I shall not be long. I would judge from the remarks which have been made that Canada is doing very little in housing. It has been pointed out that we have a report, the Curtis report, made in 1943, and it has been quoted by every member who has risen to speak. The problem of Canada was to build 750,000 houses in the first ten years after the war. That is the Curtis report. The war ended on September 1, 1945, and it is now 1948, about two and a half years having elapsed. In the two and a half years we have completed well over 200,000 houses. In fact, we are moving at an accelerated rate, and it should be well over 450,000 houses at the end of five years. By the end of ten years it should be at least 1,000,000

houses, so that we are building at a rate which should be satisfactory according to the Curtis report.

Anyone familiar with statistics knows that Canada has completed, since the end of the war, more houses per capita than any other country in the world. You have only to read tonight's paper in which you will find that the vice-president of Queen's university, speaking in Ottawa last night to the mortgage association, made the statement that Canada had built more houses per capita than any country in the world since the war.

Mr. MacNICOL: Per capita?

Mr. HOWE: Yes. People like to talk about distant places. Well, it so happens that I have the report on New Zealand's housing before and since the war, and it makes the statement that New Zealand, since the war, has built fifty-three houses per 10,000 of population, while in Canada we have built seventy-five houses per 10,000.

There is one point I wish to make. Everyone talks about the need of houses for Canada and talks about subsidized housing as a means of getting these houses built. May I point out that the two questions are absolutely different. The need of Canada at the moment is for roofs over families. That is, the need is for houses; and houses are being built as rapidly as they can be built. It has been suggested here that the government is being niggardly in the matter. The government have not failed to build any houses because the money has not been available. Last year the government built practically every house that every city in Canada would ask us or permit us to build. We were sorry that we could not carry out the program which we planned last year because we could not persuade cities to make the lands available for us to build. This year we have built every house that any city would permit us to build. As I stated, we wanted to build 12,000 houses. At the rate we are going, in closing off the program at June 1 as has been our custom, we shall not succeed in having 12,000 started for the reason that people will not invite us to build houses.

As far as mortgage money is concerned, there has been no limit on it. Any one who wants to borrow under the National Housing Act is free to do so. There is no limitation there. I just want to point out that fact, because everyone who gets up says that the government is being niggardly, that it is stingy about this and stingy about that.

What about subsidized housing? Subsidized housing does not build one more house, and it would not build one more house. It would just change the economic level of the people who occupy the houses that are built. Every house that is built is occupied. My hon. friend has stated that in Winnipeg there are houses which are unoccupied. I venture to say that there are no more than one week's construction of houses that are unoccupied in Winnipeg. We are constantly getting demands from there for more houses, and we are building more houses. I was out there last summer when we had 2,300 houses under construction in Winnipeg. It was an eye-opener to me to see how many houses 2,300 actually are. I went up one street and down another for all of one day to see the construction that Wartime Housing was doing in that city.

The point is this. Canada needs houses. These houses are occupied by people who are able to pay the rent. I say that because they are paying the rent. The arrears in rent in all Canada are less than one week's rent; there are practically no arrears in rent in all Canada. There may be people who cannot pay the minimum rent. But those people are under cover and I think it will be agreed that, as long as people who are able to pay economic rent cannot get houses, they are the first people entitled to obtain them.

The day may come when subsidizing rentals or subsidizing houses may enable houses to be found by people who do not have them today. But that is not today. It is absolute nonsense to talk about Canada's housing problem being due to lack of subsidization. It has nothing at all to do with the number of houses being built. I simply want to make that point. Since I am speaking by unanimous consent, I should not speak too long.

Having made the first point, I will make my other remarks in committee. Before sitting down, I should like to make a few remarks about the speech delivered by the hon. member for High Park (Mr. McMaster). I dare say he is an eminent lawyer, and I claim some little fame in building. But I must say that if he knows anything about building, I will admit that I know nothing about law. However, Mr. Speaker, I will finish my remarks in committee.

Motion (Mr. Howe) agreed to and the house went into committee, Mr. Golding in the chair.

Mr. HANSELL: I did not speak in the debate on the motion to go into committee, Mr. Chairman, and I do not intend to speak now. I want to ask the minister just one question. I have always been under the impression that some sort of subsidization plan would help the people of Canada in a house

building program, particularly those in the lower income brackets. I am not overly critical of what the government have tried to do with respect to housing. When I go into various cities and find the vast building program that has been going on over the years, I am quite confident that something at least has been done. But that does not render the situation any less important when there is still a housing crisis.

As I see it, the picture is that the people in the lower income brackets apparently cannot afford to build under present conditions. That is a serious matter. A person with a fair income, provided that he can scrape together $1,000 or $2,000, after passing or complying with all sorts of rules and regulations, eventually may be able to purchase on some long-term payment plan. But all people are not in the fair-size income brackets. Some people are in the small income brackets, and when it comes to renting any place today they are required to pay a larger rent than I believe they can afford with their incomes. The question I want to ask is this. The minister has just said that a subsidization plan would not help the housing situation today. Does he mean to say that if there were a subsidization plan, no more houses would be built than are being built today? Is that what he means to say?

Mr. HOWE: Yes, that is exactly what I mean to say. I may say that the province of Ontario have started a subsidization plan. They are willing to pay up to $1,200 a house after the government gets through lending money. I venture the opinion that the plan will not put one additional roof over one additional family in this country over the next year or two.

Mr. HANSELL: To me that does not seem to be reasonable. What reason has the minister to believe that? If there were a subsidization plan, it simply means that money would be available in larger quantities than it is today. Or if you want to put it in another way, if there were a subsidization plan, the cost of building would be reduced. It must help somewhere if there is a subsidization plan. What reason is there, then, for saying that there would not be more building than there is now.

Mr. HOWE: May I answer that by saying that the reason is that houses at any prices sell today. They all sell. The fact that they sell for $4,000 instead of $8,000 would not build any more houses. All houses that can be built today can be sold for their economic price.

Mr. HANSELL: Even that does not make it plain to me. It may be plain to the minister, but not to me. Suppose I wanted to build a house and I was able to get money through some sort of subsidization plan, it seems to me I would likely start building, if I could not get a house any other way. That would be another house being built; and if several thousand people were in a similar financial position, then it would amount to several thousand homes. It seems to me that the answer must be that either material or labour is not available, or perhaps both; and if that is the case that may be the answer.

Mr. HOWE: It is the answer.

Mr. HANSELL: But in that case my suggestion would be that it must be somebody's responsibility to see that the production of building material is speeded up; and I do not think anyone is more capable of seeing to that than the government in power. That is my way of looking at the situation.

There is another matter in connection with low-rental housing. Has the government considered at all the building of small apartment blocks for the housing of perhaps four to eight families at really low rentals? When I say "low rentals" I do not mean $40 or $50. I think the figure of $38 was mentioned the other day. I do not call $38 a low rental. I call a low rental something like $18 or $20 or $25, which is about as much as the average wage earner can afford to pay. Has the government considered that? It seems to me that such apartments, not cheaply built but perhaps frame structures, or of the stucco type—not of brick and with a lot of fancy things that are unnecessary—built at reasonable cost to house four to eight families, with the same heating unit for all, could be rented at reasonable rates. I am not a businessman, and I am speaking only from my own common sense in the matter, but has the government considered anything of that kind?

Mr. HOWE: My hon. friend is describing a popular type of rental unit in Montreal, which is the cold-water flat. It is a building with from four to eight apartments, built at as low a cost as apartments can be built; but the rentals for those apartments are not in the range mentioned by my hon. friend. The cheapest unit than can be built is the five-room bungalow, and that is the popular house today.

Mr. JOHNSTON: What does that rent for?

Mr. HOWE: In 1946 we were renting those five-room bungalows for about $23 a month. Today new houses rent for from $35 to $37.50.

Mr. MacINNIS: The first provision of this resolution authorizes approved lending institutions to purchase from the Central Mortgage and Housing Corporation mortgages held by

that corporation. How did the Central Mortgage and Housing Corporation acquire those mortgages, and what is the reason for selling them?

Mr. HOWE: Well, the central mortgage corporation has been selling wartime houses, taking a down payment and a mortgage and giving title to the house. It holds those mortgages, and we are now being authorized to sell them to the insurance companies if it seems wise to do so at any stage. We have not that power today.

In this connection I want to say just one thing. Everybody is sneering at the insurance companies and saying we are protecting them. What is an insurance company? It represents the savings of the Canadian people. This is not some great corporation that is making huge profits out of this business; it is a company that is looking after your savings and mine. I hope there is not a man in this house who has not life insurance. When we say we are protecting the insurance companies, we are protecting the savings of the Canadian people invested in life insurance, the greatest pool of investment money in this country. My C.C.F. friends can sneer at people who buy insurance and try to protect their old age, but I offer this house no apology for sponsoring legislation that will prevent the insurance funds of this country from being lost in a government housing venture.

Mr. MacINNIS: I object to the minister referring to the C.C.F. as sneering at this. I am not sneering at the minister or at anything he does.

Mr. HOWE: I realize that. I was referring to other speeches.

Mr. MacINNIS: The minister says the insurance companies are using his money and mine. Well, the government is collecting my money and his, and if a profit can be made out of these mortgages—and I cannot see the insurance companies buying them if a profit cannot be made—there is no reason why the government should not act in that capacity and save that amount of taxation. The question I asked is perfectly reasonable. Now the government has to go into the housing business to guarantee, by this measure, the money the insurance companies invest in housing. If the government itself is investing in housing at a profitable rate, why should the government have to sell these mortgages to the insurance companies?

[Mr. MacInnis.]

Mr. HOWE: So that the money recovered from the mortgages can be used to build more houses.

Mr. MacINNIS: Can it not be used to build more houses if the government has the mortgages? Cannot the government handle a revolving housing fund just as an insurance company does?

Mr. HOWE: Not if it keeps the money frozen in mortgages.

Mr. MacINNIS: The insurance companies are not building houses. The only effective low-rental housing is that which has been built by the government itself.

Mr. HOWE: Yes, but I am pointing out to my hon. friend that the government may wish to build houses, that it may want to use the money recovered from the sale of those houses to build still more. It cannot do so if all that money is tied up in mortgages. You cannot spend a mortgage in building a house. We are only taking power to do this in the event that we may want liquid funds. To have a revolving fund we must keep it liquid; and the only way we can keep the fund liquid is to sell the mortgages.

Mr. MacINNIS: My hon. friend cannot have it both ways. If the insurance companies buy these mortgages they will not have the funds to invest in further house building, any more than the government would. I am using the minister's own argument now. The argument the minister has presented is not sensible, and is not the kind I think he can put up if he wishes.

Mr. HOWE: It is perfectly logical. Suppose the government has $500 million invested in houses, and it sells perhaps $50,000,000 worth. It would like to replace those houses it has sold by building another $50,000,000 worth of houses. You may say it has $50,000,000 because it has just sold houses worth that much, but it has not that money in a spendable form. It has an investment in mortgages for the most part. The insurance companies have free money because they have premium income which requires to be invested. You cannot invest money and spend it too.

Mr. MacINNIS: Is the government going to build more houses with the money it will get from the sale of these mortgages?

Mr. HOWE: I do not know. We are simply taking this power that we want, so that we shall not have to borrow from the treasury.

Mr. NICHOLSON: The minister cannot expect us to accept that sort of explanation. During the war, when emergency housing was needed, the government did not have to go to the insurance companies to get the necessary capital to build wartime housing. The job was done without that. The minister should give us some more sensible explanation as to why this time it is proposed to turn the job over to the insurance companies. The other day the minister's speech indicated that the relationship with Housing Enterprises, a subsidiary of the insurance companies, was quite unsatisfactory. For him now to propose, as this resolution sets out—

> . . . to authorize approved lending institutions to purchase from Central Mortgage and Housing Corporation mortgages held by the said corporation and to make loans to owners of rental housing . . .

—is not a satisfactory explanation. He should indicate what the plans are. Does the government propose to reinvest in additional wartime housing, if certain securities are sold to the insurance companies?

Mr. HOWE: We may do that.

Mr. NICHOLSON: If the minister does not wish to answer at this stage, possibly tomorrow he can give us the information. I would ask him to explain the difference between rental insurance and subsidized housing. The hon. member for Vancouver-Burrard referred to a speech made by the Secretary of State for External Affairs some time ago, in which the minister said, "No government of which I form a part will ever pass legislation for subsidized housing."

It would appear to me that, while this is not called subsidized housing, it is doing the thing which the Secretary of State for External Affairs said that no government of which he formed a part would do. The only difference is that this is guaranteeing that certain lending institutions will have a fixed income which will cover taxes, services, operating expenses, repairs, renewals, replacements, and a reasonable return on investments.

According to this, public funds will be taken from the consolidated revenue fund of our country to subsidize one group. Would the minister explain to the committee the difference between rental insurance and subsidized housing?

Mr. HOWE: Rental insurance is like any other insurance in that a fund is set up. It will be understood that this rental insurance is not given free. The government charges a rate which it believes, on the average, will keep the fund solvent. However, the consolidated revenue fund is behind that insurance fund. If a terrible depression were to come upon us, such as my hon. friend loves to predict, and has done, ever since the war, the fund might become insolvent, and the revenue fund would have to get behind it. On the other hand, we might keep a Liberal government in power for a long time, and have prosperous times, in which event the fund would make a great deal of money.

Mr. NICHOLSON: I do not think a depression is necessary. But I would remind the minister that in 1945 he brought in a white paper anticipating that a depression would come, and outlining the course Canada should follow.

Mr. HOWE: No—taking steps to prevent a depression.

Mr. NICHOLSON: Well, the minister's own words then were that a depression was coming, and that these were proposals. But would the minister give us more details as to the nature of this rental insurance, and to what extent the treasury is committed to expenditures under it? We should have more details.

Mr. HOWE: This is all quite out of order. We are speaking on the resolution. Discussion as to details would be proper when we reach the bill. But the bill has not yet been introduced.

Mr. NICHOLSON: I suggest that members are entitled to information regarding the speech the minister made earlier, and that we might have that on the resolution stage. I refer particularly to page 3641 of *Hansard*. I suggest that he should at least explain what he meant in his speech, and to what extent people are to meet expenditures.

Mr. HOWE: The hon. member is asking about what will be in the bill. He will find that out when the bill is brought down.

Mr. JACKMAN: Will the minister say whether or not, in computing the various charges against rental property—and he has mentioned taxes, services and operating expenses, repairs, renewals, replacements and a reasonable return—he is including any sum for depreciation of the property?

Mr. HOWE: Yes.

Mr. JACKMAN: That will be there, too.

Mr. HOWE: Yes.

Mr. JACKMAN: I do not wish to see the resolution passed this evening, because there are other questions I should like to ask.

Coming from a riding such as Rosedale, in the city of Toronto, where the Regent Park development is taking place, I believe the minister will be well aware of conditions in certain sections of my constituency. May I point out to him that, while he said a short time ago that if we had subsidization or some other form of government assistance there would not be any more houses built, I do not think that statement is fully warranted from all aspects.

I would point out to the committee that, while in Toronto there is not much land available for large-scale developments, there is plenty of land for apartment houses and the building of duplexes. A year ago the total amount of construction which went into housing development was 15 per cent. The report of the building commissioner of that city was made available recently. That report is for last year, and it shows that the amount of building construction in 1947 which went into the construction of houses was 6·6 per cent. The reason for that is that the other 93·4 per cent went into commercial and industrial construction—moving picture palaces, of which there were a considerable number, warehouses, branches of factories and additions to various other forms of construction where a profit could be obtained.

The reason that type of development is not restrained in any way is that the cost of construction of a property for business purposes is a relatively small element in the affairs of the business. On the other hand, when a man builds a house it involves a very large portion of his total budget. He cannot afford the high material costs and high wage rates which go into the building.

I suggest to the minister that if we had had some form of control—and it would have to be in this instance some form of federal control, because the municipalities were competing with each other in the matter of building—we would have had more houses available for veterans and other people who are in dire need at the present time.

For that reason I suggest to the minister that his department and the government have not carried out the housing program as they should have. There should have been some form of direction of these matters, so that more houses could have been built—not necessarily within the political confines of a city like Toronto, but in the suburbs around the city where a limited amount of housing construction is going on.

Progress reported.

BUSINESS OF THE HOUSE

Mr. BRACKEN: What is the business for tomorrow?

Mr. ILSLEY: Agriculture estimates all day, with the exception of the hour for private bills between eight and nine o'clock.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, May 7, 1948

The house met at three o'clock.

EXTERNAL AFFAIRS

ATTENDANCE OF UNITED STATES CONSUL, TORONTO, BEFORE ONTARIO MUNICIPAL BOARD

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he is in a position to make a statement concerning the attendance of the United States consul general, located in Toronto, at the Ontario municipal board when sitting in Toronto on Thursday of last week.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): No, Mr. Speaker, but I can assure the hon. gentleman that the matter has not been overlooked. Some of the pertinent facts have already been brought to our attention, but we have not yet obtained all the information I should like to have in making a statement. I can say at once we have been informed that the consul general appeared before the board in response to a public notice published in the Toronto papers inviting all those, who might have any interest in the matter, to appear before the board. I have not yet all the information, but I hope to have it early next week.

Mr. HACKETT: The point is he said he had been instructed by the Department of State to appear.

Mr. ST. LAURENT: I have not yet precise information on that point.

FOREIGN EXCHANGE

INQUIRY AS TO USE OF U.S. FUNDS FOR PURCHASE OF WHISKY

On the orders of the day:

Mr. A. M. NICHOLSON (Mackenzie): I wish to direct a question to the Minister of Finance. Has the attention of the minister been drawn to the article in the Toronto *Globe and Mail*, May 4, reporting that Distillers Corporation—Seagrams Limited, has concluded the purchase of eight million gallons of whisky for the sum of $40,000,000? Will the minister make a statement as to whether this amount of foreign exchange has been authorized or not?

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, my hon. friend was good enough to send me notice of his question, but I received it just a few minutes ago. I have not seen the article in question. I shall look into the matter and will no doubt be able to make a statement at the appropriate time.

Mr. NICHOLSON: I shall be glad to send the article to the minister.

Mr. SMITH (Calgary West): What do you mean, the whisky or the paper?

Mr. COLDWELL: Not the whisky.

COST OF LIVING

INQUIRY AS TO FURTHER INCREASES IN PRICES OF STAPLE FOOD PRODUCTS

On the orders of the day:

Mr. G. H. CASTLEDEN (Yorkton): Mr. Speaker, I directed a question to the Minister of Finance on Wednesday last. The parliamentary assistant to the minister said that he would draw it to the minister's attention. I should like to know whether or not he is in a position to give a reply.

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, I was notified that this question had been asked. The question was as follows:

> In view of the further increase in the cost of living as reported by the bureau of statistics, what action does the government intend to take to prevent further increases in the cost of at least staple food products, such as milk, meat, butter and bread?

This is a matter, of course, of government policy which will be announced in due course. However, I might point out that the price of milk, for instance, is, and has been for some time, under the control of the provinces. Butter is controlled by a ceiling price at present. I have no indication or information that the price of bread has been increased unduly.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF AGRICULTURE

Administration service—
1. Departmental administration, $234,297.

Mr. ROSS (Souris): When we went into supply in agriculture on April 27 I asked a few questions of the minister and he intimated that he would give the answers later. Since then I have received other information which I should like to discuss for a moment or two and on the basis of which I will submit one or two more questions which the minister can answer along with those I have already submitted to him.

I have here a journal called *Foreign Trade,* issued by this government on May 1, 1948, in Ottawa, in which I find an article under the heading: "Slight improvement indicated in world food situation this year". This article is by G. R. Paterson, agricultural counsellor, Canadian embassy. It is in the form of a dispatch from Washington on April 8, 1948. I quote:

On January 1, 1948, the international emergency food committee of the council of the food and agriculture organization of the united nations assumed the functions of the former international emergency food council in the field of international distribution of foodstuffs and fertilizers continuing in short world supply.

The article points out that there was a slight improvement over last year, which was a very serious year in the matter of foodstuffs throughout the world. I quote further:

Many problems—

That is, food problems.

Many problems still remain. Rations in some countries have been lower than in the winter of 1946-47 and operating stocks have been less adequate. The gap between available supplies and requirements cannot be wholly closed. While moderate improvement is at present indicated for the period following this year's harvests, nevertheless even the most favourable weather and other conditions would not produce food supplies sufficient to provide pre-war levels of consumption in many countries.

Food shortages in 1948-49 will continue to affect industrial production adversely, to create problems of inflation in many countries and to constitute a continued heavy drain on the foreign exchange resources of many importing countries.

I think that last sentence is significant to agricultural producers in Canada. I raised a question on April 27 with reference to quantities of beef stored in Canada, and having in mind the article from which I have quoted, I should like to repeat—I have said it before—that Canada is the only country which deliberately channels exports where the producers will not be paid for them. Other countries use controls to send exports where they will be able to secure United States dollars, but the Canadian government does the exact opposite. It imposes embargoes on the shipment of agricultural products to the United States, and it exports to Britain at reduced prices, even though Britain lacks dollars to pay for those exports. Surely this is a mistaken policy, especially when we are the only nation in the world that fosters it. A recent press report indicated that sixty per cent of the $45,000,000 contract figure in respect of beef has been purchased by the meat board for export to the United Kingdom. The year is only one-quarter finished, and our heavy fall marketing period is still ahead of us.

As I have often done in the past, I wish to appeal, with all the earnestness at my command, to the Minister of Agriculture to use his influence with the Minister of Trade and Commerce and the Minister of Finance to have immediately lifted the embargo against Canadian beef cattle entering our most natural market in the world, the United States. This is tremendously important.

I asked some question about what prospects we had of marketing during this year our agricultural products through the Marshall plan, or what is now known as ERP. According to a press report yesterday, Britain is to get $33,000,000 through this plan in Canada; wheat to the extent of $17,000,000, wheat flour $5,500,000, and bacon $11,000,000. This has been authorized by Paul G. Hoffman, economic administrator of the fund in the United States.

The article in *Foreign Trade,* issued by the government, to which I have already referred, mentions the possibility of foodstuffs being produced this year under very favourable this country today. I do not think that anyone, judging from past experience, will deny that the wheat producers on the prairies should have their wheat seeded before the 10th of May. It is almost that today, and while we are having difficulties the very opposite of those we experienced in the nineteen thirties—not a dust bowl but extreme flooding even for the prairies—even where flooding has not taken place we have had a tremendous loss up to the present time.

I listened the other morning to an expert who, speaking over the radio, was telling about a survey that had been made, and he said that with favourable conditions from now on, wheat seeding could not become general until

the middle of May, in the southern part of the prairies, and the end of May in the north. That will be quite late. An exceptional season will be necessary if we are to garner a good wheat harvest, and the weather has not cleared up yet. At the present time, therefore, the prospects for a good wheat harvest are not bright. I am pretty much of an optimist, and I am not yet downhearted about it, because it is marvellous what this country can do in short order. The situation, however, could be a serious one, especially with respect to the marketing of beef. Even the beef producers had great difficulties this spring and are still having difficulties because of the flooding.

Once more I urge the minister to give us a lead as to when the embargo can be lifted from the shipment of beef cattle to the United States, which is by far the best natural market we have in the world. It would mean a good deal to the producers from the standpoint of breeding in the future if they could have some intimation from the minister on that point, and I trust that he will be able to give it to us. I should also like to have him state the figures for meat in storage in the country. I asked for that on April 27.

Right Hon. J. G. GARDINER (Minister of Agriculture): This, as has been said, is the second meeting of the committee of the whole to consider the estimates on agriculture. Some questions were raised on the previous occasion which I think it would be well to deal with.

The main objective of the questions is, I think, to determine whether we have had an increase or decrease in production in agriculture up to the present time, and as to where we are going from the present position. I believe that in order to arrive at a reasonable conclusion on that question it will be necessary for me to establish the present position in relation to the past on a few of the important products, those that enter most largely into the income which the farmers receive across Canada. I feel that we shall not get very far by dealing with the war years alone. The truth with regard to the war years is that income increased year by year from the beginning until the end of the war, and income is still continuing to increase. Nevertheless we can select individual commodities, such as bacon or butter or cheese, and we can prove certain things with regard to them. Bacon production, for example, increased very rapidly in the early years of the war and decreased in the later years of the war. But when we take the over-all position of production in agriculture and returns from agriculture, there was a gradual increase all the way through the war years. So I think we shall get on the soundest basis for considering the policy for the year 1948 and the years beyond by establishing the position at the end of the war in relation to the position at the beginning of the war so far as production is concerned.

In the first year of the war I stated to the farmers at the time my estimates were going through the house that, in our opinion, the farmers found themselves at the beginning of the war producing most of the commodities that would be required throughout and at the end of the war, and that our efforts ought to be to increase production in certain lines as required, and to establish our industry on a sounder financial basis in order that we might come out of the war in a better position financially than when we went into it. I think the farmers have done that, and I am going to give a few figures which will indicate why I believe so.

If we take the last year before the war, 1939, and compare it with 1946, the first year after the war, we find that milk production was in 1939, 15,781,000,000 and in 1946, 16,936,000,000, an increase of 1,155,000,000 pounds. In other words we came through the war producing more milk than when we went into the war. I am not able to give comparisons in the price of milk for the years before and after the war, for the obvious reason that milk prices vary so much across Canada that it would be impossible to give any one figure which would cover the whole.

In eggs the production in 1939 was 221,000,000 dozen, and in 1946, 316,000,000 dozen, an increase of 95,000,000 dozen. The price in 1939 was 18·5 cents and in 1946, 33·5 cents.

Cattle, slaughtered, in 1939, 1,337,000 head, and in 1946, 2,226,000 head, or an increase of 889,000 head. The price in 1939 was 6·77 cents, and in 1946, 12·52 cents.

Hogs, slaughtered, in 1939, 5,122,000, and in 1946, 7,896,000, an increase of 2,774,000. The price in 1939 of live hogs was 8·85 cents, and in 1946, converted to live weight prices, 14·91 cents.

Barley production in 1939 was 103,000,000 bushels and in 1946 148,000,000 bushels, an increase of 45,000,000 bushels. The price in 1939 was 34 cents and in 1946, 67 cents.

Oats production in 1939 was 384,000,000 bushels, and in 1946, 399,000,000 bushels, an increase of 15,000,000 bushels. The price in 1939 was 30 cents and in 1946, 56 cents.

I have gone over these figures but if the committee will permit me I should like to have the figures, from which I have been quoting, inserted in *Hansard* in tabulated form.

Mr. CHARLTON: I would like to have the figures for the years between 1939 and 1946.

Mr. GARDINER: My hon. friend has heard them very often. He can put them on the record afterwards if he desires to do so.

Mr. HACKETT: Without those figures it is a onesided picture.

Mr. GARDINER: It does not establish a different side of the picture. If the other figures were put in, it would simply establish that there was a variation between grain and livestock products, but the net return was higher year by year throughout the period.

Mr. CHARLTON: No.

Mr. GARDINER: My hon. friend had better get the figures and put them on *Hansard,* and he will find that is true.

The CHAIRMAN: Has the minister consent to put the figures on *Hansard?*

Some hon. MEMBERS: Agreed.

Commodity	1939	1946	Increase	Price 1939	Price 1946
				cents	
Milk (thousand pounds)	15,781,000	16,936,000	1,155,000		
Eggs (thousand dozens)	221,000	316,000	95,000	18·5	33·5
Cattle (slaughtered, thousand head)	1,337	2,266	1,071	6·77	12·52
Hogs (slaughtered, thousand head)	5,122	7,896	2,774	8·85	14·91
Barley (thousand bushels)	103,000	148,000	45,000	34	67
Oats (thousand bushels)	384,000	399,000	15,000	30	56

Mr. HACKETT: If the minister will permit a question at this point, does he consider that the government's present policy tends to stimulate the production of butter in the eastern townships?

Mr. GARDINER: I will come to that a little later. Just now I want to lay the foundation for my figures.

Mr. COLDWELL: Has the minister figures as to the cost of production?

Mr. GARDINER: I gave both the net and the gross figures the other evening, and the cost of production is the difference. The figures are already on the record. They were given a few days ago.

Now I will give a breakdown of the milk production. It will be noted that in the table I have dealt with the number of pounds of milk produced. That was marketed in different forms, not all as milk; and I will now give a breakdown of the milk production figure.

For the first six months in 1945, from May to October inclusive, milk production was 11,214,000,000 pounds, and from November to April, the other six months of the year, 6,287,000,000 pounds. In 1946, for the first six months period, the production was 10,683,000,000 pounds, and for the other six months, 6,298,000,000 pounds. For 1947, the first six months, it was 10,931,000,000 pounds, and for the last six months, 6,141,000,000.

There are two things I would call to the attention of hon. members in that picture. First, milk production in the six summer months was almost double the production in the six winter months. Second, the production of milk in 1947 showed a considerable increase over production in 1946. In other words while there was a drop in the production of milk in 1946 as compared with 1945—

Mr. HACKETT: That is only for the first six months?

Mr. GARDINER: No, for the whole year. In 1947 there was a considerable increase, as compared with 1946. When added together, the figures I have placed on *Hansard* will indicate that the production in 1947 was brought back to about where it was in 1945. Those figures are important, I think, but there is another set of figures which are also important, having to do with the production of cheese and butter in the various months of the year. The percentage of cheese produced in the first six months of 1945—

Mr. HACKETT: Will the minister please say what elements he is considering? There are cheese, butter, raw milk, and all the other things.

Mr. GARDINER: I have butter, cheese and ice cream here, and the commodities other than whole milk are very small in relation. I have the others here, and I can give them if necessary; but for the time being I am dealing with the three items.

In the first six months of 1945 the production of cheese was 84·4 per cent of the total, with 15·6 per cent in the second six months. In 1946 production was 85·2 per cent in the first six months and 14·8 per cent in the second six months. In 1947 production was

86·8 per cent in the first six months and 12·3 per cent in the second six months. The production of butter in the first six months of 1945 was 71·9 per cent, and 28·1 per cent in the second six months. In 1946 production was 72·7 per cent in the first six months and 27·3 per cent in the second six months. In 1947 the production was 73·5 per cent in the first six months and 26·5 per cent in the second six months. With respect to ice cream the proportions are a little lower in the first six months. In 1945 production of ice cream was 67·7 per cent in the first six months and 32·3 per cent in the second six months. In 1946 production was 67·9 per cent in the first six months and 32·1 per cent in the second six months; and in 1947 production was 72·9 per cent in the first six months and 27·1 per cent in the second six months.

I give these figures in that form, Mr. Chairman, in order that we may fully understand some of the discussion that takes place in relation to the marketing of these products. It will be noted that well over four-fifths of the cheese is produced in the summer six months of the year and that very close to three-quarters of the butter is produced in the same period, while on an average something under seventy per cent of the ice cream is also produced in that period. When one considers the quantities of milk utilized for these purposes it will be found that very little is left to be used for purposes other than fluid milk which might be enumerated. I can obtain the exact figures for hon. members; if they are required I have them here somewhere.

Mr. HACKETT: It is not possible for the minister to take the total milk production which he gave as his first figure, and indicate what portion of it is converted into cheese, what portion into butter and what portion into ice cream? The other products, he has intimated, are rather insignificant. If he could give that information I think it would be of particular assistance to the butter producers, for instance, who are having so much difficulty at the present time.

Mr. GARDINER: I have the exact figures my hon. friend desires, and I can give them in a moment, but until they are located I will go on to develop this other point.

Other matters of information I should like to place on record were discussed the other evening, having to do with bacon, beef, cheese, and eggs, in relation to price. These are the prices as they were established under the various contracts we have had with Great Britain. I am giving the figures for the year 1946, and I am doing that because under our present agreement with Great Britain a certain price level is called for in 1948, and we have been given an undertaking that the prices for 1949 will not be less than those of 1946, so I think it well to put on the record the prices in that year. It will be noted that two prices are shown for bacon for 1946, so that price will have to be averaged on the basis of the amounts of bacon handled in the two periods. I should like to place this table on *Hansard,* if I have the permission of the committee.

The DEPUTY CHAIRMAN: The minister desires to put this table on *Hansard.* What is the pleasure of the committee?

Some hon. MEMBERS: Agreed.

	1946	1947	1948
	$	$	$
Bacon (100 lbs.) To April 1	22.50	Jan. 1 to Sept. 1 ... 27.00	
to Jan. 11/47	25.00	Thereafter ... 29.00	36.00
Beef (100 lbs)			
Choice Red	22.75	... 24.25	27.50
Blue	21.75	... 23.25	26.50
Medium	20.75	... 21.10	23.10
	cents	cents	cents
Cheese (lb.)	20	... 25	30
Eggs (A large) per dozen average	41·5	Spring ... 41	47·50
		Fall ... 47·75	54·25

Mr. GARDINER: The hon. member for Souris asked for the storage figures on various commodities, and I have them here for each month of 1947 and up to April of 1948. If it would meet with the approval of the committee I should like to place this table on *Hansard* as well; it is quite lengthy.

The DEPUTY CHAIRMAN: What is the pleasure of the committee?

Some hon. MEMBERS: Agreed.

STORAGE STOCKS OF MEAT, FIRST OF THE MONTH

—	Pork		Beef		Veal		Mutton and lamb
	Domestic	Export	Bone in	Boneless	Bone in	Boneless	Frozen
1947							
January	12,423,094	7,655,724	11,145,098	9,510,570	2,055,628	794,230	6,581,872
February	13,755,185	8,409,613	5,475,502	6,715,354	1,092,010	572,234	5,116,395
March	15,461,236	5,802,378	3,984,295	6,233,804	419,468	456,617	3,370,992
April	15,638,098	6,035,701	2,714,318	5,462,769	246,891	320,046	2,544,775
May	18,109,895	9,535,105	2,174,641	5,813,567	1,370,155	583,819	1,979,436
June	18,678,418	12,348,960	1,920,656	5,019,322	2,871,392	1,058,835	1,545,444
July	18,143,140	12,673,243	1,516,289	3,874,419	3,323,502	1,138,539	1,202,255
August	14,723,424	8,965,403	1,358,564	3,886,903	3,364,700	1,305,978	1,196,365
September	9,615,249	4,040,222	2,746,440	5,653,466	3,333,976	1,458,365	1,717,352
October	8,167,537	3,247,932	2,069,847	4,411,252	3,119,827	1,236,020	1,729,238
November	7,983,345	3,156,550	2,116,651	2,952,737	2,929,467	871,373	1,891,376
December	13,905,588	2,917,016	13,670,053	7,314,935	4,208,926	1,507,500	6,338,879
1948							
January	24,490,137	2,858,575	14,509,040	10,943,330	4,338,619	1,355,886	7,937,241
February	31,772,655	9,261,600	16,209,551	11,333,368	3,377,693	1,191,842	7,657,808
March	31,061,227	17,825,480	12,826,809	11,335,761	1,581,039	857,920	6,773,707
April	26,255,865	23,204,043	9,573,245	9,783,022	849,889	652,260	4,938,997

Actual storage stocks of meat—excluding fancy meats, fresh meat and pork in cure.

Mr. GARDINER: These figures are five weeks old. They bring us down to April 1, which is five weeks ago.

Mr. ROSS (Souris): That is a satisfactory date, anyway.

Mr. GARDINER: It is a satisfactory date, except for this, that we had a much higher storage at that time than we have now. The figures at April 1 were at the end of the first quarter, and it is correct to say that we had a considerable storage even at April 1. It is not correct to say, however, that we have any storage of beef today in Canada to the credit of the meat board. We asked permission of the British to send to storage in Britain beef of which we did take delivery in the first quarter, to cover whatever period it would of the second quarter. That beef was sent to Britain at the beginning of April.

[The Deputy Chairman.]

Mr. ROSS (Souris): What quantities have the meat board purchased from January 1 to April 1 this year for that contract?

Mr. GARDINER: I can get those figures. I believe it would suit our purposes just as well if I were to give the amount which we did purchase in the first quarter and which we shipped to Britain. That will cover all the requirements under the contract for beef down to the end of May for this year. In other words sufficient beef has gone forward to cover the contract requirements down to the end of May.

Mr. ROSS (Souris): On the same percentage basis throughout the year?

Mr. GARDINER: Yes, figured out on the same percentage basis. As a matter of fact, at April 1 all we were entitled to have in

Britain was a certain amount per week down to April 1. We were supposed to be paid for that amount up to that time. We had more in storage, but we knew we were not going to take in much beef in May; so we asked the privilege of shipping this beef forward. It has been shipped forward, and it is there. We have purchased no beef off this market; or very little, almost nothing.

Hog storages are a little different. I am told that this figure with respect to pork includes all pork products—bacon, ham and everything of that nature—in storage, wherever it may be stored.

Mr. HARKNESS: Is that the figure of 86,000,000?

Mr. GARDINER: The actual amounts in storage on April 1 were 26,255,865 pounds for domestic use and 23,204,043 pounds for export. I am told that there is an amount which would be in transfer between one place and another in Canada, but which would not be found in these storage figures. That may bring the amount close to the 86,000,000 mentioned.

I think these figures will give the picture. I would rather have had the figures for May, and while we are discussing the estimates if I find it possible to give those figures I will do so. That would give the complete picture of what has happened since April 1. I believe I have given all the information that was asked for.

Mr. COLDWELL: I asked about the cost of production, and the minister referred to an earlier statement he had made. I turn to page 3392 of *Hansard* for April 27, where the minister gave some gross and net figures. I look particularly at the figures for 1946 and 1947. In 1946 the gross income from agricultural production, in round figures, as the minister gave it, was $1,759,000,000, and the net income as he gave it was $1,267,000,000. Then when we come to look at 1947 we find the gross income had gone up by about $455,000,000, the figure being $2,213,900,000. But the net, lower down on the page, is given as $1,259,000,000. What had actually happened was that the net income from 1946 to 1947 had decreased by approximately $8,000,000. The difference, however, in the gross income for the same years was $455,000,000, which means that the cost of production must have gone up by approximately $463,000,000.

I look at the figures for 1938 which the minister gave, and I find he said that in that year the net income of farmers was $387,000,000. The difference which I have indicated, approximately $463,000,000, is greater than the whole net income of our farmers in 1938; in other words the cost of production had risen to a larger extent than the entire net income in that year. That struck me as a serious factor in the prices now under discussion, and that is one point I draw to the minister's attention.

When I asked the question about cost of production I was hoping it might be put in tabular form, because I have had to look at the figures on this page to get the information. I believe I am correct in my computation from the minister's own figures. This is a point which struck me as alarming.

Mr. ROSS (Souris): It is still alarming.

Mr. GARDINER: What was the gross figure?

Mr. COLDWELL: These figures are given at page 3392 of *Hansard,* where we find the gross for 1946 is given as $1,759,000,000 and for 1947 as $2,213,900,000. Then we come to the net for 1946 given as $1,267,000,000 and for 1947 of $1,259,000,000.

Mr. GARDINER: There is just a small correction. For 1946 the net is $1,160,760,000. Apparently the figure 7 was displaced.

Mr. COLDWELL: That was the point which struck me as disturbing in connection with the statement the minister made that day, and the argument he was building up today.

Mr. BURTON: Before dealing to some extent with some figures to which my leader the hon. member for Rosetown-Biggar has just referred I should like to express my appreciation of the comprehensive statement the minister has just placed on the record. While he was doing that, however, I could not help thinking of the old saying I have heard many times in years gone by, that figures do not lie, but that some people can do some terrible things with figures.

It appears on the page of *Hansard* which my leader quoted that back in 1938 the net income of farmers right across Canada was $387,000,000. From such a statement the word would go out among our people that the farmers of Canada had received a very tidy sum of many hundreds of millions of dollars; yet I am sure the minister will admit that in 1938 thousands of farmers were working long hours to produce foodstuffs at less than the cost of production. The minister covered the period from 1938 to 1947, and for nearly half of that time far too many farmers in this country were producing foodstuffs at less than the cost of production. I think the

minister, on sober reflection, will realize that the fault lay in the fact that on a previous occasion he had given the people in other parts of Canada the impression that farmers could produce wheat for forty cents per bushel.

Referring to page 3393, I find the minister said this:

> We like to talk about irrigation developments; we like to talk about waterpower developments and great expenditures of money. We have got into that habit, but I would not care how close a power line was to my farm, I would not put electricity on to the farm from a power line.

That statement is also bound to be misleading to many people. The minister went on to say that for a reasonable sum he could have a windmill or wind charger on his place. While I agree that you could have a wind charger in many parts of this country that would supply a certain amount of electricity, the fact is that there is as much difference between that type of power and what you would obtain from a power line as there is between electric lights and the old coal-oil lamp. I know from my own personal experience, and others have had the same experience, that when I had to get along with a wind charger I thought that we were just a little ahead of the coal-oil lamp days. There certainly is no comparison with the benefits to be derived from the use of power from a power line.

I have not the exact quotation before me, but I am given to understand that on a previous occasion the minister said that he did not want a tractor on his place. So far as I am concerned the minister can continue to operate his farm with oxen, and in all probability he would have a good form of farm power. But it would be similar to the agricultural policy of this country. In many ways that policy is still in the oxen days.

We sometimes use a lot of figures to indicate the picture we want to show, but that does not get us away from realities. The fact is that a major industry of this country, even during the boom period brought on by the war, had to wait two or three years or more to get the benefits of the wartime increases. This industry now finds itself with its reserves being depleted, owing to the rising costs of everything that goes into farm production.

I come now to the position of our farmers as far as coarse grains are concerned. I contend that we have been in a muddle from last fall until the present, and in all probability we shall continue to be in a muddle right on through, with the minister and his department and his associates in the government sitting there waiting for something to turn up. The coarse grains situation will go down in the history of farming in this country as one of the severest letdowns that any government has ever given the farming population.

Our farmers produced coarse grains in spite of drought and other handicaps, and even with the limited number of bushels they were able to produce they continued their deliveries. Yet the people who were in need of coarse grains found that they could not get supplies. Then the minister comes along with a half-thought-out scheme—I almost said "half-baked"—whereby the people who handled coarse grains would compensate the farmer. I shall not go into the details except to point out that this simply created a worse position than we had before.

Under the economy in which the minister apparently believes I contend that he had no right to ask those people to make a refund. While the farmers were entitled to compensation, that was not the fault of these people. Like any businessman they simply took advantage of a situation which the government had handed to them on a platter. If anyone should make compensation, it is the government. Some of the elevator companies continued to let coarse grains go into the ordinary channels of consumption in an orderly way, and they will not have as much to return in proportion to the others who held on. You find yourself in the position where it is hard to justify that action either to the farmers or to the other people involved.

Then there is the other idea of the government making adjustments over and above that. I should like to know when those adjustments are to be made. On different occasions the minister indicated that he was waiting for further word from some of these grain handling firms. It is a plausible explanation, but it does not relieve the situation of the farmers. Will these payments be made some time when it is opportune? If so, just how soon that may be, I do not know.

Mr. GARDINER: Has the hon. member had his?

Mr. BURTON: So far as coarse grains are concerned, no.

Mr. GARDINER: To whom did you deliver?

Mr. BURTON: I delivered mine to the pool elevator. Every bushel I produced since we have had a pool elevator in our neighbourhood went to that pool elevator. I have no regrets with regard to any grain I produced that I put through the pool. I also wish to

say to the minister that I got everyhing I had coming to me for the grain that I delivered to the pool elevator.

Mr. GARDINER: You will get your oats and barley payments also.

Mr. BURTON: I will, but the minister uses the most unfair method in trying to make somebody else straighten out the mess that his own department and his government have been responsible for.

This year, as the hon. member for Souris has just said, because of the lateness of the season we shall in all probability have more coarse grain seeded than before; yet we do not know what the government's policy is to be on coarse grains. They say they are waiting. When a certain act was under consideration we were almost daily urged not to delay the proceedings and thus hold up the passage of the measure. What do we find now? There does not seem to be any great hurry at all. They are trying to shift the blame onto the provincial governments, as my colleague said. The government in Saskatchewan acted rapidly. The producers in Saskatchewan are depending on the federal government to do something about the very thing they seemed to be in such a hurry to pass through this house.

I have often complimented the Minister of Agriculture. Perhaps he did not always appreciate the compliments I extended to him, but I do believe that the minister is one of the few members of the government who really has a grasp of the department over which he presides, and that makes me feel all the sadder. Why the minister will so often take only one side of the picture, and a certain set of figures, and then proceed to justify the stand of his department, I do not know. I am prepared to be fair with the minister, but I do not like to be put in the position in which hon. members from agricultural districts find themselves when they try to present the viewpoint of the people whom we represent, and the minister rises in his place, either in the committee stage or in formal debate, and tries—not in so many words, but in the way that he knows best—to confound us. For instance, the other night he referred to wind chargers. Does he think that those of us who have lived out in that country do not know anything about wind chargers? The same is true of the whole list of things that the minister tries to put across. Sometimes I wonder what he has in his mind. I say to you, Mr. Chairman, that he had better go out to Saskatchewan and find out what the people there think of him.

Mr. GARDINER: Mr. Chairman, I am sorry that the hon. member for Stanstead is not in his seat. I have the figures which he asked for, and I think I had better put them on the record so that they will be close to the question which was asked.

The question asked was: What proportion of the milk produced is utilized for different purposes in a year? I think it will serve the purpose to use the year 1947, because the proportions are just about the same back to 1931. Therefore I shall put the one year on the record.

The total production of milk in 1947 was 17,213,900,000 pounds. The amount that entered into butter was 8,133,300,000 pounds, or 47 per cent of all the milk produced. The amount that entered into cheese was 1,375,-900,000 pounds, or about 8 per cent. The amount that entered into concentrated milk was 655,900,000, or 4½ per cent. The amount that entered into ice cream was 335,900,000 pounds, or 2½ per cent. The amount that entered into fluid milk sales was 3,462,200,000 pounds, or about 21 per cent. The amount that was consumed on farms was 1,722,900,000 pounds, or about 10 per cent. The amount that was fed on farms was 817,200,000 pounds, or about 5 per cent. These figures indicate the amount that enters into the production of each product, and I think they will answer the question asked by the hon. member for Stanstead.

I have listened with a great deal of interest to the statement just made by the hon. member for Humboldt with regard to what was said the other night. After listening to it I can agree with the first remark he made that figures never lie—"but". The suggestion has been made, and it has been made continuously since 1939 that I made a certain statement in the House of Commons at that time. No one believes that I made that statement except a few members of the C.C.F., and they have continued to peddle that statement ever since 1939. My hon. friend repeats it on the floor of the house now. As a matter of fact, the figures which were used were quoted from the findings of a gentleman, Mr. Hope, who is today one of the leading organizers for my friends of the official opposition. I am quite sure they will believe that any figures he put out at that time were authoritative and correct. The figures were to the effect that it cost a certain amount to seed and harvest grain. My hon. friends have continued ever since to convert that statement into meaning that the Minister of Agriculture said it cost that amount to

produce grain, which, of course, is an entirely different thing. Again I repeat that while figures do not lie, there is a "but" in them.

The statement which was made a few moments ago with regard to wind chargers is another one which I presume is being prepared for a similar purpose. The only statement I did make the other night on which I have had any comment from Saskatchewan is that one. It may surprise my hon. friends to know that a gentleman who covers the greater part of the province of Saskatchewan in very useful employment wrote me to tell me that he agreed with it one hundred per cent.

Mr. WRIGHT: He was not selling them?

Mr. GARDINER: No; he is selling the gospel, as a matter of fact, and therefore usually tells the truth. He has remained with the job that he started with when he had his first call to the ministry, and therefore, when he makes a statement, he continues to tell what is actually true with regard to the matter.

Mr. ROSS (Souris): That would not be the Premier of Saskatchewan, would it?

Mr. GARDINER: The fact of the matter is that ever since I have been in western Canada the people have been talking about getting power from the development of water. I left Ontario in 1901 and they were talking then about hydro-electric development in that province. I remember that in the evening around the fireside, the chief topic of discussion on the farm on which I resided, was this very one, and it was said that one of these fine mornings we would have a radial line, propelled by hydro-electric power running down right in front of our house, and we were all going to have electric power on our farms.

Mr. WARREN: Me too.

Mr. GARDINER: Me too, my friend says. Well, that was away back in 1901. I own that farm today, and the first power line that came by it came about five years ago.

Mr. WARREN: Mine hasn't come yet.

Mr. GARDINER: As soon as the power line did pass it, I put power on that farm and it is there now, so I know something about the cost of hydro-electric power. But returning to the west, I went into the legislature of Saskatchewan in 1914, and I remember one of the first speeches I made in the house. It is still on the record and is still to be found widely quoted in the press of that day. If my hon. friends will take the trouble to look it up they will see that I was advocating the development of hydro-electric power in Saskatchewan.

[Mr. Gardiner.]

Some years later, in 1928 I believe, as premier of the province I established the first power commission in Saskatchewan and that gave us government-produced, -distributed and -operated power.

I had long since got by believing that we could cover Saskatchewan in any reasonable time with hydro-electric power. We have very little of it yet. The power which we have in the province is developed from the utilization of coal and gasoline, and one of their lines runs within two miles of my farm. I could put power on my farm from that line, but it would cost me more to put that power on my farm than it did to put there the plant that I have, and then I would have to pay for the juice after I had got the power there. Under the present plan I do not need to do so.

So far as I know, and I think I know as much about it as anyone in Saskatchewan, there is no possibility of having any considerable water-power development in that province inside ten years.

Mr. WARREN: Except in the spring.

Mr. GARDINER: Except in the spring, my friend says. There is no possibility of building the type of dam and putting in the form of construction that is necessary to have hydro-electric power in Saskatchewan on any large scale inside of ten years. I do not know whether I shall be alive ten years from now.

Mr. WARREN: Oh, yes.

Mr. GARDINER: My friend has more confidence in that respect than I have.

Mr. ROSS (Souris): You will be leader of the official opposition.

Mr. GARDINER: Whether I am alive or not, however, I do know that I will not wait ten years to get my house lighted with electricity. As a matter of fact, I gave up waiting fifteen years ago. I think it is very much better to have whatever you can get from a wind charger in the meantime than it is to go without and then stand up in this house, as a member from Saskatchewan, and describe conditions, as my hon. friends of the C.C.F. have been describing them for some time.

An hon. MEMBER: Your wind charger is not wearing out anyway.

Mr. GARDINER: We have been hearing a great deal of complaining about the amount of wind we have in Saskatchewan, blowing the soil around.

Mr. BRYCE: There will be lots in a month's time.

Mr. GARDINER: It will be mostly put out by C.C.F.'ers, and I am not so sure it will be

in a month's time. It may be my friend has inside information which I have not got. There are some reasons for believing that it will not be in a month's time. There is some reason for believing that there were things that happened within the last two weeks in Ottawa which may make it inadvisable for it to be held within the next thirty days. In any case, out in Saskatchewan we did have a considerable movement of wind—

Some hon. MEMBERS: Oh, oh.

Mr. GARDINER: —and I am one of those who believe that you ought to harness what you have got. If the waters do not flow in the right places to permit our developing power, and they have not made it possible for us to develop it for the last forty years, and if they are not going to make it possible to develop power over the next ten years, then I think a good way to provide power is to put up a few wind chargers so that we can have light on our farms. If we find after a short time that it serves as well as the other would, and at less cost, then if we are wise we will keep it. I think it is necessary to say that much in order to avoid having to explain later what was said with regard to the matter.

Mr. BURTON: In view of the statement which the minister has made, considerably clarifying the short statement he made the other night, will he please inform me why his protégé in Saskatchewan, the present leader of the Liberal party there, is advocating the electrification of the province in a hurry?

Mr. GARDINER: Yes, I will explain that. The hon. gentleman in question, who is not a protégé of mine but the product of a very good Liberal convention, and also a product of his own activity in Saskatchewan over a considerable time, will be premier after the election, and when he is premier of Saskatchewan he will make good use of the next ten years in seeing to it that waterpower is developed in the province if at all possible. That policy he has outlined very carefully for the people of Saskatchewan, and he has added to it exactly what I have said, that in the meantime the people have this other means of supplying themselves with electric power on their farms, which they should utilize to the greatest extent possible.

The suggestion has been put forward by the hon. member for Humboldt that some time ago I made a statement in the house, under conditions similar to these, with regard to the use of tractors on farms. Of course, members who were here will know that statement is not a true account of what happened at that time. Six members of the C.C.F. got up, one after another, and said in this house that I knew that it cost less to produce grain with a tractor than it did in any other way; and after six of them had made that statement I got up and made a very short correction, that all I wanted to say about it was that I did not have a tractor on my own farm. My hon. friend can put whatever interpretation on that he likes, but I did not at any time say that it either would or would not pay to have a tractor on my farm. I said I did not have one and I can still say that. I have not one yet. He can take whatever meaning he likes out of that statement, but to get up now and say that I said that farmers could not produce their grain or crops or operate their farms successfully with a tractor or to better advantage with a tractor—well, no such statement was ever made in this house by me, and is not being made in this house by me now.

Then the hon. member made some suggestions with regard to coarse grains and what has happened with regard to them, and what is going to happen. My hon. friend had a lot to say for the Saskatchewan wheat pool. He said he had never delivered any grain to any other organization since that wheat pool was formed, and he never intends to deliver any grain to any other organization so long as that wheat pool exists. This question he has been discussing has been discussed with the Saskatchewan wheat pool on three different occasions. It is the only organization in western Canada that asked the government to wait until May for their final figures with regard to this matter—the only organization. They suggested to me when making that request that I was quite free to mention it on the floor of the house as a reason why we are not making settlement prior to the month of May. I repeat that statement now for the benefit of my hon. friend, in order that he may go back and ask the wheat pool authorities whether that statement was made.

I may say that there are seven companies which have paid. The Premier of Saskatchewan, at a public meeting the other night, in Saskatoon I think, said he was prepared to give the stuffed head of a cabinet minister to anybody who could show him that any payments had been made under this arrangement. I reply to that by saying that seven companies have already made payments to farmers, and very considerable payments, ranging up to 14 cents a bushel, in order to take care of the situation which developed as a result of what was done on the 21st of October last.

The only reason for this government not taking action before now is the request that was made to us by the Saskatchewan pool that we wait until after the month of May in order that they themselves might be able to act in the manner in which they considered it wise to act.

May I add this, that so far as any information available to me is concerned I have reason to believe that the farmer is not going to get less because they did that. My hon. friend suggested a few moments ago that it would be to the disadvantage of the farmers of western Canada because some companies were waiting until after May and allowing the grain to pass through the ordinary marketing process before determining what they were going to pay out to the farmers. I repeat that the only organization which suggested that we wait until after May was the pool organization, and so far as information available to me is concerned, there is not going to be less paid because they did that, but very likely there will be more. The criticism therefore is one which not only stands against the government itself but stands against the pool, the one organization which did the thing which has just been criticized by the member for Humboldt.

I make this statement at this time only to indicate to my hon. friend that while I have listened to quite a number of statements similar to the one he has just made and have not taken the trouble to answer them in the past, now that he has recited at one time all these jokes with regard to agriculture it gives me an opportunity to deal with them all at one time, and if there are any more criticisms of that kind I shall be pleased to deal with them also.

Mr. HARKNESS: I should like to make a few remarks about the beef cattle and hog industries, and ask the minister a few questions in regard to them. Before doing so I should like to say, in connection with what was said a short time ago about stocks of stored meat, that it would be an excellent idea if the minister would go before the prices committee and explain just what the situation is in regard to stored meat. The last figures available from the bureau of statistics for April 1 showed that our stocks of stored meat at that time were the highest we have ever had in Canada, particularly of pork. I think the figures indicated that there were in storage some 86,000,000 pounds of pork and 36,000,000 pounds of beef. If those stocks have now very considerably declined I think it would be an excellent idea if the minister would make that clear before the prices committee. It would save a great deal of time and prevent the misapprehension from getting abroad throughout the country that there is an oversupply of meat in storage at the present time.

Dealing now with the hog industry, a considerable portion of the minister's remarks on the last day we discussed this matter, April 27, was devoted to the hog industry, chiefly in an effort, I thought, to produce reasons, other than the policy which he has followed, to explain the tremendous reduction which has taken place in hog production in western Canada. One of the reasons he gave was that the farmers there preferred to grow grain rather than to produce hogs. I thought that was very much on a par with the answer the minister gave me in our discussion last year when he said that a lot of the farmers there were too lazy to raise hogs. I do not think the minister should try to find what I would call piffling reasons to explain the drop in hog production. The minister put some figures of hog production on the record a few moments ago for 1939 and 1947—

Mr. GARDINER: 1946.

Mr. HARKNESS: Yes, 1946. Those figures did not seem to jibe with figures I have here. It is a table entitled "Hog Gradings by Provinces of Origin", got out by the dominion bureau of statistics. It shows that the production of hogs went up very considerably during the war in western Canada, and went up also, but to a lesser degree, in eastern Canada. Since 1944 hog production in western Canada has been coming down just as rapidly as it went up, and it has now reached approximately what it was in 1939, whereas hog production in eastern Canada has remained up at a high level. The figures are these. Hog production in Alberta in 1939 was, in round figures, 979,000 head; in 1944 it rose to 2,981,000. Production went down a bit, by about 1,000,000 head, in 1945, when the figure was 1,946,000. In 1946 it went down further to 1,250,000 and in 1947, 1,105,000, or to 88·4 per cent of the 1946 figure, and bringing hog production in Alberta down to only 100,000 more than it was in 1939. The same story is true of Saskatchewan. The figures are these:

Saskatchewan

Year	Hog Production
1939	312,000
1944	1,934,000
1945	942,000
1946	513,000
1947	434,000

In other words hog production in 1947 was only a little more than 100,000 head above the 1939 figure. Here are the figures for Manitoba:

Manitoba

Year	Hog Production
1939	327,000
1944	851,000
1945	486,000
1946	345,000
1947	309,000

In 1947 the production was about 20,000 below the 1939 figure. Here are the figures for Ontario and Quebec:

Ontario

Year	Hog Production
1939	1,667,991
1944	2,108,734
1945	1,806,668
1946	1,769,437
1947	2,091,329

Quebec

Year	Hog Production
1939	336,575
1944	789,325
1945	535,265
1946	478,322
1947	699,568

That is the position, Mr. Chairman. Eastern hog production is greater than in 1939; western hog production is about what it was at that time, having fallen tremendously from 1944 through 1945 and 1946.

Mr. GARDINER: I should like to understand the effect of those figures. I understood the hon. member to say he was quoting the inspected slaughterings?

Mr. HARKNESS: No; this table is called "Hog Gradings by Province of Origin", and I understand shows the actual production.

Mr. GARDINER: That refers to hogs that are graded at the plants; it is not exactly the production.

Mr. HARKNESS: It is the production apart from hogs slaughtered in butcher shops and on farms.

Mr. GARDINER: The figures I quoted are complete, including local slaughterings as well as the slaughterings in plants.

Mr. HARKNESS: Those include estimates of local slaughterings.

Mr. GARDINER: Those are the figures which come out year after year.

Mr. HARKNESS: Nevertheless they are estimates.

Mr. GARDINER: So are your figures.

Mr. HARKNESS: I do not think we need quarrel over each other's figures. I think there is no doubt that several circumstances have contributed to this situation. In my opinion the chief cause has been the policies followed by the government in regard to subsidies on feed grain and freight assistance. That has been the chief reason for this terrific reduction in hog production in the west and the increase in hog production in the east. Whether this method of raising hogs in Canada, growing grain in the west and shipping it east to be fed here, is in the best interests of Canada as a whole I think is an arguable proposition. Good arguments might be put up on both sides, and I am not going into that.

Mr. WARREN: Tell us about that.

Mr. HARKNESS: It may be that it is in the best interests of Canada as a whole. Of one thing I am certain, however, and that is that it has not been in the best interests of western Canada or of western Canadian farmers. I believe that can be readily demonstrated.

Mr. WARREN: Why not?

Mr. HARKNESS: If my hon. friend will keep quiet for a moment I will explain. It has not been in the best interests of the western Canadian economy as a whole, and of western farmers in particular, first, because it has reduced the income of western farmers. They would have had a greater income and more money would have been available for spending purposes in western Canada if those hogs had been produced there instead of the grain being shipped out. On that point I think there can be no argument.

Mr. WARREN: May I ask a question?

Mr. HARKNESS: I am quite willing to answer a question.

Mr. WARREN: Do you actually object to the western farmer getting a market in eastern Canada for his coarse grains?

Mr. HARKNESS: I think I explained at the beginning—

Mr. WARREN: No, you didn't.

Mr. HARKNESS: If the hon. member had been paying attention he would have followed me when I said I was not arguing whether or not this policy was in the best interests of Canada as a whole, that it was an arguable proposition. I am merely making the point now that as far as western Canada is concerned it has not been to its advantage or in

its best interests, because in the first place it has reduced the total income of the western farmers. The second main reason, I think, is that it has reduced the fertility of the land, because of the fact that they have been shipping the grain out of the province.

Mr. WARREN: Might I ask another question?

Some hon. MEMBERS: Sit down.

Mr. WARREN: I think the hon. member would be willing to answer it.

Some hon. MEMBERS: Sit down.

The DEPUTY CHAIRMAN: Order.

Mr. WARREN: This is a question I want to ask, and I believe the hon. member is willing to answer it.

The DEPUTY CHAIRMAN: Order. It is not permissible for the hon. member to interrupt the speaker. If the speaker wishes to answer a question he will resume his seat. If he does not do so the hon. member should not interrupt.

Mr. WARREN: I think I should be allowed to ask this question. Is it not true that the coarse grains were stacked up on the prairies, that every available space was full of coarse grains?

Mr. ROSS (Souris): Why were coarse grains stacked up out there?

Mr. WARREN: And we provided a market for them.

Mr. HARKNESS: I am quite willing to answer any pertinent questions, but I do not think we are getting any further ahead with this debate by interruptions of this kind.

Mr. WARREN: Well, tell the whole story.

Mr. HARKNESS: To return to what I was saying, I believe the second important reason why this policy of growing the grain in western Canada and shipping it east to be fed to hogs and cattle is not in the best interests of western Canada is that it is reducing—

Mr. WARREN: Why not give us a chance?

Mr. HARKNESS: —the fertility of our soil. If the hogs were fed out there, everything produced on the farm would go into the hogs and return to the soil, and you would not have anything like the loss of fertility that occurs when you have to ship out the grain. For these two reasons, the smaller financial return to the farmers and the loss in fertility, I believe there is no question that this policy is bad for western Canada and for the western Canadian farmer.

[Mr. Harkness.]

However, Mr. Chairman, to a large extent that is history, and I should like now to turn to what might be called the immediate and future questions in the minds of the hog producers, which I should like the minister to answer. The evidence before the prices committee during the past two or three weeks has been that at the end of the year we shall probably have a surplus of pork after we have filled the United Kingdom contract and supplied the domestic market. I should like to ask the minister, first, what he proposes to do about this surplus if it develops? I hope he will not get up and say there will be no surplus, because, as I say, the best evidence we have been able to get so far is that in all likelihood there will be.

Mr. GARDINER: That there is a surplus.

Mr. HARKNESS: After I have resumed my seat, which will be in a minute or two, I should like the minister to tell us what he proposes to do with this surplus if it develops. Then I should like to know if there is any possibility of increasing our shipments of pork to the United Kingdom beyond the amount called for under the contract. My third question is whether the new contract the minister will be negotiating shortly will be for an increased poundage.

In that connection I should like the minister to say something also as to the probable prices under the new contract. A short time ago, in placing his figures on record, he said that in 1946, under the bacon contract, the price was $22.50 up to April 1 and $25 from then to the end of the year, and that the price under the 1949 contract with Great Britain would not be less than the average of those figures. I should say that average would be about $24. The minister knows as well as I do that it is no comfort whatever to the hog producers of this country to learn that the price under the bacon contract for 1949 will be not less than $24. The present price is $36. Everyone who knows anything about the hog business knows that a price only two-thirds as high as the present price would put practically all the producers out of business, that it would break anyone depending on the production of hogs for his livelihood or a major portion of it.

Could the minister give some better assurance than that to the committee and the country, and particularly to the hog producers, as to what the prospects are for 1949? The questions I have been asking are very much in the minds of hog producers. They are entitled to know what the situation is likely to be next year, so that they may be able to make their production plans accordingly. They

have to start in on that shortly, and at this time they should know where they are likely to get off.

I would ask the minister to comment on one further point. Apparently the effort of the government at the present time is to bring down the price of pork—to bring down the prices of everything and thus to reduce the cost of living. We have had a great deal of discussion on this matter in the prices committee. There seems to be no question that the evidence presented is to the effect that the only way in which the price of pork to the consumer can be brought down materially at the present time is by reducing the price to the producer.

This idea of bringing down prices has been put out by the minister's colleague, the Minister of National Health and Welfare, when he states that these prices must come down. This is disquieting to the pork producers and farmers generally. The producer feels that a threat is hanging over his head, to have his prices forced down in order to appease the demands of consumers for cheaper bacon and cheaper pork products generally.

In reply, would the minister give some reassurance to the pork producers in this matter? I think the minister and all hon. members realize that it is most disquieting to find the papers filled almost every day with talk about the possibility of the government's imposing controls on this, that or the other thing to bring down prices, and that prices are to be forced down by it. The producer is left in the position where he thinks: Well, I am going to be the goat, as usual.

Mr. SINNOTT: He never is the goat.

Mr. HARKNESS: I suggest that the minister should give some reassurance to hog producers on that point. I have a number of questions I should like to ask about beef, but I shall take my seat in the hope that the minister will answer my questions concerning pork.

Mr. GARDINER: I think the hon. member began his observations about meat, generally, including beef, and completed his remarks by a more specific reference to pork. The same could be said concerning the discussions in the prices committee.

Mr. HARKNESS: I talked about nothing but pork, with the exception of my reference to beef in storage.

Mr. GARDINER: In the last five minutes.

Mr. HARKNESS: Everything else was with regard to pork.

Mr. GARDINER: The points raised by the hon. member for Souris had to do with beef prices and the sending of beef to the United States. Then, within the last five minutes the matter has been largely with respect to pork supplies. Perhaps it would be just as well if I were to refer to both of them when I am replying, discussing one immediately after the other.

I turn first to the questions asked by the hon. member for Souris in connection with beef, and beef shipments to the United States. I do not think I need go over the history of the matter.

Mr. HARKNESS: Excuse me—

Mr. GARDINER: Now, if my hon. friend will let me answer—

Mr. HARKNESS: I had quite a number of questions.

Mr. GARDINER: And the hon. member will receive answers to all of them when he comes to them—if hon. members will allow him to ask them.

Mr. HARKNESS: My way might save time.

Mr. GARDINER: When I am answering these questions I should begin by answering those asked first.

Mr. HARKNESS: All right.

Mr. GARDINER: The suggestion was made some time ago that we ought to send our beef to the United States. This, of course, would have had the effect of greatly increasing the price of beef at least in this country. Cattle have gone down about ten cents a pound since then.

Mr. HARKNESS: What?

Mr. GARDINER: About ten cents a pound in the United States.

Mr. HARKNESS: Oh.

Mr. GARDINER: And of course there is not nearly the same urgency, apparently, for a discussion of the question at the present time. When it was being discussed on a previous occasion I made the suggestion that probably the time would come much sooner than hon. members expected when floor prices established by contracts would be worthwhile.

The other day Mr. Ross, who has been one of the chief critics from Alberta, a man who is an outstanding rancher, and whose opinion is always valued on the question—

Mr. ROSS (Souris): That is George Ross.

Mr. GARDINER: Yes, George Ross. He is reported to have said to the committee

that grass cattle shipped from Montana comparable with those shipped from Alberta would bring on the United States market $22 and on the Canadian market $16, for a comparable grade. That is a difference of only six cents a pound. When one considers that there is duty to be paid—and it is not high—and that there is freight to be paid, he can conclude that the margin between American and Canadian prices is not nearly so wide as it was when we were discussing this matter in January. In other words, roughly speaking, the price of cattle on the United States market has gone down about ten cents.

For the benefit of hon. members in the committee, may I say it is not possible any longer either for them or for me to suggest that this is a question which is under the Department of Finance. It has been transferred back to Agriculture.

Mr. ROSS (Souris): Entirely?

Mr. GARDINER: So I can now discuss it as the minister who may have something to do directly with what is to be done from now on in regard to the export of beef.

Mr. ROSS (Souris): Is it entirely under agriculture now?

Mr. GARDINER: I shall explain the whole position. Hon. members should know, from legislation we have passed within the last few years concerning these matters, that we did set up an export organization in the Department of Trade and Commerce. It has always been the situation throughout the years that the Department of Trade and Commerce has handled the actual export of products. Where it is necessary to have permits, that department issues those permits. But permits are and always have been issued on most agricultural products under the advice of the Department of Agriculture, or at least on the recommendation of that department.

In 1942 the authority to make that recommendation in connection with beef cattle was transferred from the Department of Agriculture to the prices board in order to give that board full control over prices in Canada. Now —today—it has been transferred back to the Department of Agriculture. So from now on, recommendations made in the matter will be made in a greater degree as related to the actual conditions surrounding the necessity for marketing.

I wanted to say that to the committee, in order that we might be clear as to the exact position at the present time. However, that has been the position for only a few hours; therefore we are all starting off with the same knowledge. I may say there are two or three

[Mr. Gardiner.]

matters which have to be discussed when the question is being considered, with reference particularly as to when and how any product may be returned to the United States market when it has been out of that market for some time. In connection with beef, however, there are special conditions. One has to do with the fact that the quota, prior to the war, for entrance into the United States, from all the world, was 220,000 head at a weight of 700 pounds or more.

We had an agreement with the Americans that our proportion of the quota was to be about 76 per cent, and that the Mexican quota was to be about 24 per cent. When it was determined that our beef was to go to Britain under mutual aid, while United States cattle, beef or pork, or anything of that kind, was going to Britain under lend lease, we were asked to release the United States from the obligation to keep the Mexican supplies down to 24 per cent and to let them take whatever proportion of the total amount of 220,000 head or more that they desired to take. Naturally that was agreed to. We were given the undertaking at the time that, when the position was reversed and we were again shipping cattle into the United States, the fact that we had not done so in the meantime would not have any bearing upon any decisions that might be reached but that the question would be considered on its merits at the time.

We have come back to the time when some consideration will be given to the matter. In answer to the question asked, I cannot say when cattle will be shipped to the United States, but I can say we are going to open up negotiations as to what will happen when cattle are shipped to the United States. Of course the situation has changed somewhat. The cattle producers represented to us and we represented to Geneva that, because we had shipped about 525,000 head of cattle in cans and frozen, and otherwise, to Great Britain and Europe in 1945, we were likely to have considerably more than the 193,000 head which was our part of the 220,000 head quota under the old arrangement when the war was over and when we had settled down to produce.

Because the producers felt that way, and the government agreed, we made representations, and out of the discussions came the fact that there is no change in the duty on cattle under the Geneva agreements. The president has the right to reduce duties by 50 per cent as he had back in 1936 and 1939. In 1936 and 1939 we got the duty of $3 per hundred cut in two, making it $1.50. Under the present arrangement the president may cut the duty again by 50 per cent in connection with the Geneva agreements which were on the basis

of the same quota, but out of the discussions came the fact that the quota was to be 400,000 head and the duty to remain as it was. The duty has not been changed.

We are confronted with the situation where all the world has a quota into the United States of 400,000 head of cattle, but there are only two places from which they can get any considerable part of that quota. One place is Mexico and the other is Canada. We must negotiate what proportion of that quota we are to have. One of the facts with which we shall be confronted is that last year we did not have 100,000 head to send out of Canada and it does not appear that we shall have any more this year. This is largely because we are consuming 25 to 30 per cent more beef in Canada this year than we were in the years before the war.

These questions still have to be discussed with the United States before the United States boundary line is opened. All I can say is that they will be discussed and at an early day. Questions have been asked with regard to shipments to Great Britain. Storages at April 1 of both beef and bacon were very high. So far as cattle are concerned, this was due to something which, so far as I have read, has not yet been brought out before the prices committee.

In December last year we had quite a long discussion about the removal of controls on meat ceilings and coarse grains ceilings and out of that discussion came certain ideas. One was that there would not be nearly as many hogs marketed in 1948 as had been marketed previously. Another was that we might have more beef marketed than had been marketed in some of the earlier years. It was anticipated that this beef would be marketed at the usual time in considerable quantities, namely, around the end of March or the beginning of April.

Farmers in eastern parts of Canada have been accustomed to filling their stables with feeder cattle in the fall and feeding them with grain, either produced by themselves or purchased in western Canada, through until the latter part of March or the early part of April. That provided the full winter program on many farms in the eastern part of Canada. In the month of January we found that beef cattle were coming on to the markets, particularly in eastern Canada, in numbers away above what was expected. We made enquiries with regard to it.

I sat in on discussions with men who buy cattle in areas in western Ontario where cattle are produced and from which areas they were coming onto the market in great numbers. I was told what obviously would be true. In December we decided that, since there had been an increase in the price of grain through the ceilings having been taken off, there ought to be an increase in the floor prices under livestock in the British agreements. This house was assured that those contracts were being negotiated and eventually would be announced and that they would be satisfactory, provided that prices of feed grain remained at rates which were considered to be reasonable when the increases were added.

At the time we were discussing the matter, barley was selling at around $1.20, and oats at a comparable figure. We said in this house that was a reasonable figure in relation to the price of wheat and therefore it was a reasonable figure upon which to estimate or work out prices that ought to go into the British agreements on all farm products produced from feed grains.

Unfortunately barley went up to $1.36 a bushel in January; it did not stay at $1.20. Obviously farmers who were feeding hogs could not act as did those who were feeding cattle. Farmers who were feeding cattle fed some Ontario soft wheat and to that extent they did not feed barley. By the middle of February we had a large percentage of these cattle in cold storage in our packing plants. Those cattle had been bought at about one cent a pound below what the market had been at the beginning.

Instead of having the cattle standing in the stalls and feeding down to the end of March, we had the beef in cold storage in the plants. There was so much of it that we had to ask the British to permit us to send part of their second quarter's supply over in advance to be stored there. On the other hand, feed grain accumulated. We did not have sufficient storage space in which to store the beef. It is some of this beef which appears in the storage figures around the end of April, and some of it still appears in the storage figures in May. But as to any suggestion that it was some manipulation on the part of somebody or other that brought about the situation, particularly if that somebody or other is someone who was handling beef and buying cattle, I think one has to go farther back in order to have the full information that is necessary to come to a proper conclusion with regard to the matter. Also one has to know that much of this beef which was in storage was beef that should not have come on the market at all until the month of April. Had it come on the market in the month of April, there would probably be 100 pounds more on each steer; we would have had beef to send to Britain in greater quantities than we did; we would probably have on our own market more beef of the type which people

want to buy, and prices of meat might not have gone up as high as they did in April.

I suggest that there is in that some explanation for what has happened in connection with beef. But the present position is that we have practically no beef in storage on this side of the Atlantic at the present time. We have not been buying beef since early in the month of April to fill the British contracts. We have been leaving the beef on this market in order to assist in providing that beef would not go up to higher levels than it went during that period of time. It is true that there is a shortage at the moment. Part of the shortage is due to the facts which I have indicated, and part of it is due to the fact that they could not deliver cattle in western Canada during the month of April. Floods and road conditions have been such that cattle could not be brought in. That has had some effect upon the number of cattle that are coming on the market, and therefore the amount of beef which is available, and may have some effect upon the price which is being paid.

The storage figures for the month of May are not in my hands at the moment. I have heard approximately what they are, but I do not want to guess. I shall put them on the record later if I have them while we are considering these estimates. Of course they are much lower than the figures were at the first of April. Much of that beef has been consumed. There is involved in that the other question as to when we are to open the United States market.

Coming to bacon and hogs, we were told, as I suggested a moment ago, that our production of hogs in this year would not be as high as it was last year. I must admit that the suggestions which were made in the house and outside the house, in newspapers right across the country, did, I think, mislead some of those who were making statistics with regard to what the situation would be. At the time that the discussions were taking place, we in the department increased the figures by 20,000,000 pounds above what we were told, by the best statisticians that we could consult, would be the amount of bacon which would be available in Canada in 1948. Even those 20,000,000 pounds do not take care of the amount of bacon that is coming in, or the number of bacon hogs coming in. We received 48 per cent more hogs on the market in January than we received in January the year before, and we continue to get hogs in greater numbers than were estimated prior to the beginning of the year; with the result, as was suggested a few moments ago, that more is coming on the market than the British contract, as drawn up, will take.

Mr. BURTON: Will the minister permit a question?

Mr. GARDINER: Let me finish my statement. In direct answer to the question as to whether Britain will take more, up to the present time Britain has taken more. I am not going to try to guess what she will do in the future, but up to the present time Britain has taken more than the contract calls for. Our weekly shipments have been 25 per cent over what the contract calls for. If we were to continue at that rate the total amount of 195,000,000 pounds would be delivered by about the middle of September. Because of that, I am not in a position to say whether we shall have a surplus of hogs in 1948 or not.

During the years when we were on the upgrade, I was accustomed to taking chances in stating figures to the house, and I must say that I never over-stated them. After adding from fifty million to seventy-five million pounds to the figures which were quoted to us as the amounts that farmers would likely produce in bacon and ham, we have found that every year during the war the farmer exceeded those figures, and went on up into other figures until late in the war. More recently, when the production is on the downgrade it is just a little more difficult, because in the earlier period we were trying to coax the farmers up to higher levels.

My hon. friend has asked me, what about the future? I do not know that there is anyone in the world who can say very much about the future at the moment. All I can say is that there is not anyone who is asking us at the present time to send hogs to the United States, because the Canadian market is the highest market in the world that we can find for Canadian hogs. Hogs are selling in Canada at a higher price than they can be sold anywhere else. The United States market is lower than ours. So far as we know, there are very few places where pork can be sold at the price at which it is being sold at the present time in Canada. I state that because it is a fact. I do not say where this is going to take us, but I do say it is an indication that farmers did require floors under their prices in 1948 in the form of British agreements. It is an indication that the government was not short-sighted when it had these contracts drawn, and established the position that the farmer could be sure of, up to certain dates. Beyond that, I am not prepared to go at the moment.

Mr. HARKNESS: Is the minister prepared to say anything as to what plans are being made, if any, to deal with this surplus if it develops? I think the minister said it was probable that there would be a surplus.

Mr. GARDINER: That depends. There will not be a surplus if the British continue to take it in quantities sufficient to take care of it. We figure that around the middle of September, as they have been taking it, we would come to the point where the figures would turn the other way for a time. Whether they do or not depends upon the attitude of the farmer himself. If he thinks the returns are so good that he is going to increase, we may be wrong in our guess that the quantities will come down somewhat from September on to the end of the year, comparable with the deliveries of a year ago. I would not care to say that. I am certain at this moment that we shall have more than we can handle under the British contract, but I suggest that the British are taking more than the contract calls for at the moment, and may or may not continue to do that right through the year.

What we are doing in relation to the surplus now is finding the best markets that we can find for hog products. Small quantities have been sold in Europe. Perhaps additional quantities can be sold there. This will be all sold under arrangements which will be satisfactory in relation to prices we have under the British contract. I am not in a position to say more than that with regard to production or with regard to marketing. The situation is as I have described it.

Mr. HARKNESS: What about the new contract, as far as increased poundage is concerned?

Mr. GARDINER: That will be discussed on the basis of the facts as they are at the end of the year. The discussions with the British with respect to the new contract have usually taken place in November and December, as was the case last year; no doubt they will take place at the same time this year, and the decisions reached will be based on conditions then existing.

Mr. BURTON: Mr. Chairman, I should like to rise to a question of privilege. I may say that I have no desire at any time to put a wrong interpretation on any statement made by any member in the house, and as I mentioned at the time I was speaking a short while ago, I did not have *Hansard* before me with reference to the statement to which I referred. The Minister of Agriculture having made his statement following my short remarks, I should like, as a matter of privilege, to put on the record now what appears in *Hansard* of April 5, 1939, on page 2623, in the first column, where the right hon. gentleman makes this statement:

> It has been proven over and again that twenty bushels to the acre of wheat can be produced at a cost of from 30 to 40 cents a bushel. We have had a great deal of discussion about the cost of producing wheat. It costs a certain amount to work an acre of land whether you get any wheat off it or not; it costs a certain amount to harvest it if you do get any wheat off it. It has been proven over and over again, I say, that twenty bushels to the acre of wheat can be produced at a cost of from 30 to 40 cents a bushel. For every bushel a man gets over twenty his costs per bushel decrease. When he has a crop of twenty bushels or more per acre, his other crops are usually good in proportion.
>
> Mr. Johnston (Bow River): What is the basis of that estimate of from 30 to 40 cents a bushel as the cost of production?
>
> Mr. Gardiner: Estimates have been made by authorities in Saskatchewan University, and there are also the figures submitted by the Saskatchewan government to the Rowell commission.
>
> Mr. Coldwell: Professor Hope gives quite a different set-up.
>
> Mr. Gardiner: He gives a set-up based on the cost of the wheat itself, but it amounts approximately to this. By adding debt costs and other items he arrives at another figure.

There were some more interjections and then the minister said:

> You will find upon a close study that he arrives at pretty much the same figure I have given.

At no time, however, did the Minister of Agriculture state that he was quoting from Professor Hope's finding, and if I erred in making the statement I did I apologize to the minister. Certainly I had taken it in good faith throughout the years as the record appeared.

Mr. GARDINER: The statement which my hon. friend has read is never read in that form to an audience in Saskatchewan. If it were I would not take exception.

Mr. BURTON: I have never quoted it any other way.

Mr. GARDINER: The statement made in Saskatchewan is exactly as the hon. member gave it this afternoon, that I had said that the cost of producing wheat in western Canada was the figure he used. When he reads the article, it is clearly indicated that it is the cost of putting wheat in the ground and taking off the crop, and I even go so far as to state that if you add debt costs and other costs you get a higher figure. When I was asked where

the figures were quoted from I said Saskatchewan University, and Mr. Hope was the man who was compiling the figures in Saskatchewan University. The hon. member for Rosetown-Biggar (Mr. Coldwell) then used those figures to indicate that when you take another set of figures and add them, namely, the full cost of the production of wheat, which is interest on the money invested in the farm, returns to labour for farmers and all those on the farm, and all that kind of thing, you can get a higher figure than that. But that is the actual cost figure for seeding an acre of land and harvesting an acre of land. That is made obvious by the fact that the discussion which was then on was a discussion as to whether it made any difference whether the land was light or heavy, and I think I used arguments at the time to indicate that there was a difference.

Mr. BURTON: I find no place here where the minister referred to Professor Hope as the authority for the figures he had given until there were interjections, and then he said that Professor Hope arrived at approximately the same figure he gave.

Mr. GARDINER: The university record is Mr. Hope's record. There was no one making records but Mr. Hope.

Mr. HARKNESS: Will the minister answer the last question I asked in regard to the apprehension which hog producers feel at the present time over the statements made by some members of the government with regard to pushing down pork prices, among others? I asked that he might make some statement on that which would serve as a reassurance to those people who are becoming increasingly nervous over constant reports in the papers as to what might be done by way of controls and otherwise to effect that purpose.

Mr. GARDINER: I have not heard the remarks made by any minister and therefore I am not going to comment on them. I have seen headings in the papers to the effect that certain things were said before a committee, but my memory was that it had to do with meat prices, not pork prices particularly.

Mr. HARKNESS: I think the minister will admit that the price paid for hogs determines largely the price that people have to pay for pork.

Mr. GARDINER: Beef is included in meat.

Mr. HARKNESS: The producer is interested in the price he will get for his hogs. I know the minister reads the papers regularly, and he has seen, as I have, dozens of these reports. I wish he would say something which might serve as a reassurance to the hog producers and put their minds at rest.

Mr. WRIGHT: It is evident from certain action the government has taken that there are surpluses of certain meat products in Canada. They opened up the market in the United States for certain types of canned beef, pork and other meat products. At least some of the farmers are alarmed that the government opened that market to the packers before opening it up to the beef producers. I put a question on the order paper some time ago as to quantities that were being exported. They were not large quantities but in the total it is rather a considerable amount. To the question I put on the order paper regarding the quantity of canned beef, pork, or other meat products at present allowed to be exported to the United States, the following answer was given:

1. (a) Spreads and potted meats, 579,000 lbs.; (b) pork products, 207,000 lbs.; (c) solid pack, other than pork products, 283,000 lbs.; (d) stews, boiled dinners, hashes and chile con carne, 883,000 lbs.

The total is 1,952,000 pounds, for which permits have been granted or are in process of being granted. When we export our coarse grains we export them under a permit system whereby any money that is made on the export of those grains comes back to the producers, but apparently the United States market has been opened up to some extent to the packers without any guarantee that any additional revenue obtained from that market will come back to the producers. Can the minister say to what extent this market is being opened up and why it should be done in this way?

Mr. GARDINER: It will be noted that the figures are about 1,000,000 pounds.

Mr. WRIGHT: It is 1,950,000 pounds.

Mr. GARDINER: The total kill of beef alone in a week is about 10,000,000 pounds, and when you take even 2,000,000 pounds it is a small part of what is being consumed in Canada. That, of course, is not the answer to the question which has been raised. The price of livestock would be somewhat lower—it might be only a small fraction of a cent—if it were not possible to get rid of the trimmings. These trimmings may be partly fats and partly other meat, but they are all mixed into a product called pressed meat, or they may be canned into a product called canned meat. To say that they cannot have a market for them when we are shipping the quantities of bacon, ham and beef we are shipping to Britain, and

when there is no market for the trimmings in Canada, would not be helping anyone. As to the suggestion that a great profit is made on the trimmings, I am not so sure about that.

Mr. WRIGHT: I did not say there was a profit.

Mr. GARDINER: I doubt if there would be sufficient involved in it to make any great difference to the farmers who are delivering from two to three hundred million pounds of bacon and some hundreds of millions of pounds of beef. What is done with these trimmings in cans would not make much difference to the farmer. If you tried to distribute it, the costs of distribution would eat it up, I should think.

Mr. WRIGHT: Is it the policy of the government to open the United States market to the packers ahead of the farmers in shipping beef over there? This is an indication that the United States market is being opened to a certain extent.

Mr. GARDINER: I do not know just what process we shall go through to have the market completely opened, but when it is opened, cattle will be marketed just as they were before the war, so far as the machinery for marketing them is concerned, but I hope they will not be marketed at as low a return.

Mr. SMITH (Calgary West): Mr. Chairman, I am sorry to change the subject for a few minutes, and I do so only because I have to go away. I want to ask the minister about another matter about which I wrote him and wrote the Minister of Finance and wrote the governor of the Bank of Canada, last summer. I found that we had coming out to our part of the country quite a number of men from the United Kingdom, men who were very well off. I remember one in particular whose ancestors had a great deal to do with producing some of the types of cattle which are now so popular. I mean cattlemen from generation to generation. What they were anxious to do was to buy a place in this country and operate it, but they had, of course, no means of getting their English money out here for that purpose.

The question I asked Mr. Towers and also the Minister of Finance and the Minister of Agriculture was roughly this. Here were these men ready and willing to give, not only security on the places which they had at home in Britain, and they were large substantial places, but also security on the places in Canada which they wished to purchase for the purpose of continuing to breed prize livestock, the best of breeds and the best of cattle. It struck me, not being a financier, that we could not possibly lose anything by that.

Obviously the Bank of Canada must have credits in the old country. The reply I got from Mr. Towers was that he could not see very much wrong with it but that it was a matter of government policy and therefore he could not give me an answer. The Minister of Agriculture was away at the time. I did receive a reply from someone in his office but I never had my question answered. I do not say that in any blameworthy way. I realize how busy the minister was, and I am grateful for the courtesy that I got from his office. I wonder if he would tell me if that could not be worked out.

One can readily see what a splendid thing it would be for the whole livestock industry in this country if we could get these men, experienced as they are, not only in raising livestock but in improving the breeds, established out here. Some of them are credited publicly with improving the breeds of cattle. I think it was they who eliminated the daylight between the animal's belly and the ground; in other words, they started getting the beef down close to the animal's heels.

I cannot see very much wrong with this scheme, nor can I find any reason—it may be that I am just ignorant; I do not know—why there should be any exchange problem at all. We take security over there, and ample security; we take another security here, and all we do is to provide them with the dollars necessary to build up those ranches in this country. I am referring particularly to some people from Scotland. Perhaps the minister did not get my letter. I wonder if he could enlighten me, because surely it would be a splendid thing for our cattle industry if we could have investments of that kind made in the Dominion of Canada.

Mr. GARDINER: I am no more, probably not as much, a financier as the hon. member for Calgary West. I do not know if he was at a gathering the other night—I think not—at which Sir Albert Braithwaite spoke. I mention him only because the same question was involved in connection with coal mining. The question raised has been discussed many times, and I have no comment to make on the answer my hon. friend received from Mr. Towers. After all, government policy on matters of this kind must be determined to some extent on the advice the government gets, and there are men who have made a thorough study of the question and who do give advice.

Sir Albert was very critical much along the same line as that taken by the hon. member for Calgary West, as to why such a thing cannot be done. He said he had these very large holdings in Britain which had been taken over by the British government, and he had the British government's paper that so much money was coming to him; but when he went to the Bank of England to try to get dollars to bring to Canada, and put his security behind that request for dollars, the Bank of England told him he just could not get the dollars. It is not only the banking institutions in this country which have to be dealt with but banking institutions elsewhere, and Sir Albert said he had to come over here without the dollars with which to carry on the activity he was prepared to take up at once.

All I can say with regard to my hon. friend's question is that it is a matter which is outside the Department of Agriculture altogether. I may have some views on it, but sometimes that does not help very much because other people have views too. Apparently this is a matter where considerable negotiating would have to be done, not only with the British but with the Americans and some other people. It is a bigger question than merely a Canadian one; it is an international question.

Mr. SMITH (Calgary West): You cannot see anything wrong with the scheme yourself at the moment?

Mr. GARDINER: Well—

Mr. TOWNLEY-SMITH: The minister's statement that hog deliveries were on the increase was surprising to us from the west. May I ask what per cent of these slaughterings was due to deliveries of breeding stock?

Mr. GARDINER: Just about the normal percentage of breeding stock. The figures I have given and the fact that pork is in storage for Great Britain indicate that these were mostly A and B hogs.

Mr. ARGUE: Much of the information the minister has given to us this afternoon underlines the contention of the members of this group, namely, that you cannot have a properly balanced agricultural economy when you have fluctuating prices. The minister gave earlier the production in Canada in 1946 as compared with the production in 1939; but in doing so, as he said, he was taking a year after the war and comparing it with a year before the war. I would say he was taking a period when there had been little planning, and comparing it with a period which followed a time during which there had been a good deal of planning, and when many of the benefits of that planning were still being felt. I believe farmers generally feel that during the last part of the war at least, they were doing fairly well. They considered their economic position much better than it had been for a long time. They do not want to go back to the situation that existed before the war; they do not want the conditions which prevailed then to prevail again; but every step the government has taken since the end of the war has been in the direction of the same kind of economy that we had before the war, and we are seeing the results of that policy on every hand.

The minister gave figures showing increased marketings of pork earlier this year. I do not know what is happening all across Canada, but I know the people in my area are getting out of hog production. They had a number of hogs last fall. They did not want to exterminate them, so they decided to fed them; and as quickly as possible they are getting those hogs on the market and getting out of production. The minister says he does not know what the deliveries are likely to be this fall. I believe deliveries would be much better if the farmer had a reasonable idea in advance of the amount he will earn if he feeds hogs. The minister said the marketings of cattle were increased in the first part of this year because the price of barley was very high. That definitely supports the contention of this group that the high price for barley was not benefiting either the farmer who grew it or the man who had to buy it to feed to his livestock. That price was benefiting only the middleman, and was imposing a hardship both on the man who produced the grain and the man who bought it for feed.

The discussion this afternoon has been interesting and entertaining. I do not think the debate on windmills and wind chargers was serious. I do not believe the minister really thinks a wind charger can provide all the power a farmer could use on his farm if he were getting his electricity at a price similar to that which, for instance, the people of this province have to pay. However, I believe the farmers of Canada and in particular those of the western provinces will solve their electricity problem, provided that they have a decent income each year. Give the farmers of western Canada a decent income; let Saskatchewan continue to expand its power development at the rapid rate it has shown in the past few years, and to sell that power at the lowest prices in the history of that

province, and the people of Saskatchewan will solve their electricity problem to their own satisfaction.

I would not wish to say, as one hon. member suggested, that the hon. member for Rosthern is a protégé of the Minister of Agriculture. If he is, I think the hon. member has gone far astray. As I understand the minister's ideas, he believes in undiluted Liberalism, but the hon. member for Rosthern is getting a lot of non-Liberals around him. I doubt that he will ever be premier of Saskatchewan. The minister said he would; then five minutes later went on to say, "You know, I am not one to prophesy what is going to happen in future." If the hon. member for Rosthern ever should become premier, however, I do not think he will head a Liberal administration. He may think, "Well, now, I have a few members here elected on the Liberal ticket, but by gosh I think they are Tories," because down in my part of the country the strategy of the Liberal party is to go out and nominate as the Liberal candidate a well known Conservative, and then try to have him accepted by the members of the Liberal party.

In the constituency of Bengough rumour has it—I am not saying this is true, but I have heard it so often I think there must be some foundation for it—that a well known Liberal, with whom I am sure the minister is well acquainted, and who was a member of the legislature at one time, wishes to run as an independent Liberal. That is the only way he can support Liberalism in that constituency, because he does not like the Tory candidate the Liberal party has nominated to contest the seat. So I say the hon. member for Rosthern is not really a protégé of the Minister of Agriculture, because he is doing many things I am sure the minister would not condone.

In his remarks the other evening, the minister accused members of this party of always saying that agriculture is going down and down instead of going up and up, as the minister said it was. I want to admit right now that during the war the government implemented policies which did benefit agriculture a great deal in comparison with the terrible situation that prevailed before the war. I am quite ready to give anyone, including the minister, who had anything to do with those policies, full credit. But while that is so, the people of this country should not have to be plunged into war before the farmers are given a decent standard of living. Farmers say what we did during the war we can do during the peace, and we can do it even better because we have more people in Canada who can produce the things we need.

The net position of agriculture in 1946 was somewhat better than in 1947, but even so I do not believe the position of agriculture in 1946 was as good as it should have been. In that year the net income for all Canada was something over $9,600 million, while the net income of agriculture was $1,267 million. In other words, twenty-five per cent of the population, which is approximately the percentage employed in agriculture, received much less than twenty-five per cent of the national income. A twenty-five per cent share of the national income in that year would have amounted to approximately $2,400 million, while agriculture actually received only half that amount. So that, while in 1946 agriculture was in a relatively good position compared with other years, certainly it should have been in an even better position.

To come to 1947, according to the minister's figures the gross income of agriculture improved by some $455,000,000. Farmers' gross income improved by $455,000,000 and their net income dropped by $8,000,000. I suggest that those figures condemn the policy which the government has followed in the last two years, the policy of taking off all controls and all the protection farmers had, and turning them back once again to the vicious and gambling grain exchange, placing them back once again at the mercy of the machine companies and the oil companies, and what have you. Because of that policy, while gross agricultural income increased by $455,000,000, the net position of farmers, was $8,000,000 worse in 1947 than in 1946.

That deterioration in the position of agriculture was not brought about by crop failures, because statistics show that prices worsened, so far as farmers were concerned. In 1946 the average wholesale index was about 109; in 1947 the average was about 129, or an increase of 20 points. The general wholesale index takes into account all commodities. So that the cost of all commodities in Canada increased between those two years by approximately 20 points. The average index for all agricultural products in 1946 was approximately 112, while in 1947 it was 120. So that prices of agricultural products between those two years increased by only eight points, whereas prices of all commodities increased by 20 points.

Many tables containing accurate statistics have been placed on the record this afternoon. I have here a table showing by months in the years 1946 and 1947 general wholesale indices and wholesale price indices of Canadian farm products for the same two years. This information is arranged in tabular form, so that it is easy to read and to note the relative

changes from month to month. With the consent of the committee, I should like to place on record this table, which is taken from a publication of the bureau of statistics.

The CHAIRMAN: Has the hon. member unanimous consent?

Some hon. MEMBERS: Agreed.

Basis—1926 equals 100

	General wholesale index	Wholesale price index Canadian farm products
1946—January	104·6	109·6
February	105·3	110·3
March	105·6	110·3
April	108·4	110·7
May	109·0	111·5
June	109·3	112·7
July	109·7	113·8
August	109·3	111·5
September	109·2	110·9
October	111·0	113·3
November	111·6	113·8
December	112·0	113·9
1947—January	114·2	114·4
February	118·1	115·5
March	120·4	116·4
April	122·9	116·9
May	125·3	118·5
June	127·8	119·2
July	129·1	120·1
August	130·8	120·0
September	133·8	120·4
October	139·3	122·9
November	142·5	126·5
December	143·5	130·7

Mr. GARDINER: I should like to make one comment regarding criticism in connection with net returns to farmers. I must admit that I have not been able to follow all the way through the argument put forward either by the leader of the C.C.F. or the hon. member for Wood Mountain. There is, however, a fact which must be apparent to anyone. The net income, after making allowances for all costs, to farmers right across Canada in 1947 was $1,259,000,000. To go back to 1939, to which year the leader of the C.C.F. referred, the net return was $484,000,000. The simple fact is that, after considering all costs, the net returns to farmers are almost three times as high in 1947 as they were in 1939. That is the only point I wanted to make, and what I have said is clear from the figures. The net return received by the farmer over and above his costs was about three times as high.

I admit that the amount way back in 1939 did not even pay the cost of production, which means that the $1,259,000,000 is not an increase in net return in the sense that all the return is net profit. Nevertheless the farmer is getting in return three times as much as he got before.

[Mr. Argue.]

Mr. ARGUE: How does the minister account for the change between the 1946 and 1947 incomes?

Mr. GARDINER: I believe there is an error in the figure appearing in *Hansard* for 1946. I have not checked it, but I am told that the *Hansard* figure is $1,267,000,000, whereas it should be $1,167,000,000.

Mr. HARKNESS: I should like to make a few comments on some of the statements made a little while ago concerning the removal of the export ban on beef cattle going to the United States. The minister said that, since the price dropped in the cattle markets of the United States, there had been a great reduction in the amount of talk with respect to the removal of the ban. So far as the beef men in my province are concerned, I am not aware of any reduction in their talk on the matter, or any lessening in their demand for the removal of the export ban. Those men have been asking for the removal of the ban, not chiefly from the point of view of price, as the minister knows, but from that of ensuring that the United States market for Canadian beef will be kept open, as they have expressed it, and retained for the future.

I do not think there has been any change in that regard, so far as they are concerned. The minister said that when Mr. George Ross appeared before the prices committee he indicated there would not be a great deal of difference between present prices received by United States ranchers across the border in Montana and those received by Alberta ranchers along the border. The minister gave a fairly accurate report of what Mr. Ross said, when he pointed out that there was a difference of about six cents a pound.

Mr. GARDINER: If I might be permitted to correct the hon. member—and I know he is not attempting to misrepresent what I said—

Mr. HARKNESS: No.

Mr. GARDINER: —I did not say that; I did not make the statement the hon. member attributed to me. I gave the actual figures; and later on I did say freight and duty had to be deducted.

Mr. HARKNESS: The minister did say that the United States ranchers in Montana across the border from Alberta were receiving about twenty-two cents a pound for what might be called ordinary common-to-good steers, and that in Canada they were getting about sixteen cents, or a difference of six cents. Then the minister said that duty and freight were to come off that. The duty would

be about 1½ cents a pound. The difference in freight from Havre, Montana, straight across the border from Maple Creek, Saskatchewan, is not very great.

Mr. GARDINER: I was making the suggestion that they would have to be shipped to Chicago; the freight rate from Winnipeg to Chicago would have to be added.

Mr. HARKNESS: We can pretty well leave out freight. It might amount to a little, but not very much. The duty is 1½ cents a pound, so that there would be a difference of from 4 to 4½ cents a pound. I thought the minister left the impression that that did not amount to anything, and that, therefore, as far as prices were concerned, the beef-cattle men were doing quite well and did not need to worry about that 4½ cents a pound. I do not think that is the situation at all.

Mr. GARDINER: If I left that impression it was not intentional.

Mr. ROSS (Souris): That is the way it sounded.

Mr. HARKNESS: Yes, that is the way it sounded; and I should like to make it clear that that 4 to 4½ cents a pound is important to the beef men. As a matter of fact, if it had not been for the rise in beef prices during the last three weeks a large number of feeders in western Canada would have lost a great deal of money. How they will come out now, I do not know, but they certainly needed the rise that took place in order to have a chance of getting out.

The minister indicated that he now has control, more or less, of agriculture, particularly as far as the export of cattle is concerned, back in his own hands. I understand that this took place within the last day or two. I am glad to hear that, because I would hope that now there will be a much better chance of getting action in opening up the United States cattle market. I trust that the minister will, in the near future, exercise the powers which have been returned to him.

He stated that there was a quota of 400,000 head to be allowed in at a duty of one cent and a half and that it would take some considerable time to negotiate with the United States as to what proportion of that quota we could have, provided that any cattle could be shipped. He said at the same time that the only other source of supply was Mexico. I think the minister is well aware that no cattle are allowed into the United States from Mexico because of the foot and mouth disease which is prevalent in that country, and the probability is that none will be allowed in for several years to come. I cannot see why any negotiations with the United States government are required as to how that quota of 400,000 head is to be split up between ourselves and Mexico. I do not think there is any question but that we could have all of it at the present time.

We have no chance of filling it at the present time, although we might have if we were sure that it would be there for the next two or three years.

I can see no real difficulty in having this export ban, as far as the United States is concerned, removed immediately. I think the only reason the United States would not be opened up is that which has been given by the minister throughout the country on several occasions, namely, that the ban was being maintained in order to prevent domestic prices of meat from going up. Of course that is a different question altogether.

I have in my hand a letter written by Mr. Charles H. McKinnon, president of the Western Stock Growers' Association, who lives near Dalemead, a few miles east of Calgary. This letter is addressed to the Right Hon. W. L. Mackenzie King under date of March 27, 1948. I should like to ask the permission of the committee to have this letter placed on *Hansard,* because I think it presents the views of the western cattle producers in as clear and complete a manner as I have ever seen them presented.

Mr. GARDINER: Yesterday the leader of the house refused a similar request by the hon. member for Lethbridge, and I note that there has been some favourable comment on the action which was taken. Simply to have a letter, written by someone and not read in the house, placed on the record is objectionable.

Mr. HARKNESS: If there is objection I shall have to read it. I thought I could save a little time. After I have read it, I hope the minister will make some comment on the questions, both direct and implied. contained in the letter. The letter reads:

March 27, 1948.

Right Hon. W. L. Mackenzie King,
Prime Minister,
Ottawa, Canada.
Dear Mr. Prime Minister:

I have been instructed by the board of directors of this association to write directly to you in connection with Canada's beef cattle industry. The decision for this instruction was arrived at only after full discussion of the industry and government policy during the war and the post-war period.

The beef cattle industry is one of the important basic industries of Canada. In western Canada it is basically of greatest importance because cattle population related to human population reveals that Canada's surplus cattle marketings each year are produced in the west. If you will examine the record you will find that the industry since its inception in the early eighties in western Canada, despite wide variations in climatic conditions, has always managed to carry itself without assistance from the federal treasury. It has done this primarily because of the fortitude of its operators, their willingness to take bad years with the good, managing to carry cash and feed reserves from good years to bad.

As you know, and for which the industry gives you full credit, the Canadian-United States trade agreement in 1936 marked a new era for the industry. Access was then possible to the great United States market for a quota number of cattle at a reduced rate of duty. Until 1942 our operators had a close, quick and profitable market for their surplus production. With the exigencies of the war and the establishment of the wartime prices and trade board finally came the embargo on Canadian exports. This was accepted by the industry as a war measure and it was understood that the right of export of live cattle would be lodged with the food corporation which was organized as a crown company by the prices board. The main purpose of the corporation was in times of surplus to purchase live cattle at Canadian ceiling price equivalents, export the same to the United States in order to keep trade channels open and if a profit should accrue to keep the same for the future benefit of the industry. Despite the appearance of surplus marketings, and the decline of live cattle prices below dressed beef ceiling equivalents with embargoes placed in some instances on public markets, the corporation failed to discharge its main purpose and beef cattle producers were obliged to absorb the shock of price decline. Despite representations repeatedly made to your Minister of Agriculture and your chairman of the prices board, nothing was done. Our surplus production was purchased by the meat board and sent overseas to feed our troops and those of the United Kingdom.

With the commencement of mutual aid and lend-lease, we made no further representations when we were assured that our outlet to our natural United States market would be protected for the post-war period. We were disquieted when the chairman of the meat board ventured to state that the United Kingdom market would be substituted for the United States market, and were further disturbed to learn that our surplus production was diverted to Europe exclusively and was not available for the Alaskan theatre of operations where Canadian troops were stationed. Instead, supplies were drawn from as far south as Omaha, Nebraska, and Kansas City, Kansas. We were in a position from Edmonton via Prince Rupert to aid the war effort and at the same time this action would have assisted in maintaining live cattle prices close to the beef ceiling equivalent.

During the war period, producers were concerned chiefly with preserving friendly contacts and their natural outlet to the United States market.

[Mr. Harkness.]

I should like to emphasize that sentence particularly in view of what was said here this afternoon by the minister and myself. I continue:

They had given up the American price in the interest of inflation control; their chief concern was that of preserving the market to the south and suggested on different occasions that token shipments should go forward. This was in accordance with government policy as stated by your Minister of Trade and Commerce in connection with other Canadian industry. We were also concerned about your Minister of Agriculture's flat beef ceiling policy and its effect upon the feeding phase of our industry and made representations for upward revision of the ceiling during the first half of each year. By acceding to these requests the prices board was able to keep cattle feeding on an even keel.

When the war concluded in Europe and with Japan, the industry naturally looked forward to decontrol and to the restoration of the right to private export of cattle. The operators were soon to be disillusioned, however. Despite the Atlantic charter declarations to which our government heartily agreed, and despite the possibility of favourable entry into the United States for Canadian cattle under international trade talks (subsequently confirmed by announcement of the terms of the Geneva trade agreement which is operative since January 1, 1948) your Minister of Agriculture again despite opposition of the industry's national beef council, proceeded to the United Kingdom and negotiated beef contracts with that nation. High officials of the British food ministry had stated that the United Kingdom could not be expected to be a purchaser of Canadian beef during the post-war period. The low-cost countries such as Australia, Argentina, Uruguay and Brazil would be the chief suppliers to that market.

In comment on this I may say, Mr. Chairman, that one of the things our cattlemen have found most difficult to understand is this. We have never had an explanation why the United Kingdom was forced to enter this beef contract at a price much higher than they were prepared to pay or at which they could get the supplies from elsewhere, and at the same time the beef men were cut off from the higher price market in the United States.

Mr. GARDINER: That statement is not correct, Mr. Chairman.

Mr. HARKNESS: Well, I have read the letter and I am just making that comment on it. I shall continue with the letter:

Let us for a moment analyse the present position of our beef cattle industry.

Price controls have been removed on practically everything beef producers purchase for use in their operations, yet the ceiling of prices written into a new United Kingdom contract continues. Price ceilings on the domestic market had been removed and prices commenced to rise to reflect increased feeding costs. Instead of your government undertaking to explain the seasonal rise, propaganda against

the rising price of beef was, if not condoned, unanswered, and instead a threat of a reimposition of price ceilings overhangs our market.

That is the very point, Mr. Chairman, that I asked the minister to make some comment on, and to give some reassurance to the pork producers this afternoon. Apparently he was unwilling to do that. I should like to know if the beef cattle producers are in the same position. They have a feeling of apprehension because of this threat of ceilings being imposed and their prices being forced down In a large number of cases that would mean serious losses, if not bankruptcy for some of them. I go on with the letter:

The ceilings on barley and oats which are the main coarse grains used in cattle feeding were removed at the commencement of the 1947 feeding season and immediately prices went to a higher level, approximately 80 per cent higher than previously obtained. At that time a packing house strike of employees gripped the nation and it was stated that meat ceilings would be lifted after the conclusion of the strike. This was done, but in a surplus-producing industry we soon found that the United Kingdom contract price was a practical ceiling for our production. As a result today our feed lot operators are faced with heavy losses on their feeding operations.

We also respectfully call your attention to the fact that during the war and afterwards, other phases of the cattle industry have not been accorded such inconsiderate treatment. Dairy cattle producers have had no restriction placed on their exports of live cattle to the United States. In 1947 they exported 53,474 head and in 1946, 68,995 head which compares to less than 15,000 head prior to the war. The producers of registered purebred beef-type cattle have without interruption been able to export their surplus production to the United States during and since the war and they have realized full American prices. We have just witnessed the spectacle of the Canadian rancher sitting beside an American rancher at the Calgary bull sale. For the bull the American rancher would have to pay the equivalent of three two-year-old steers; the Canadian rancher, assuming he didn't drop out of the bidding, would have to offer the equivalent of five two-year-old steers. Is it right and fair that the commercial cattleman should be subjected to such unfair competition? Our men, who by and large are considered fair in their appraisal of business relationships, cannot understand government allowance of this discrimination.

Foot and mouth disease in Mexican herds has resulted in a United States embargo on shipments from that country. Nearly 500,000 head of Mexican cattle were previously exported each year to the United States market. With Mexico now eliminated, and in the opinion of your own veterinary director general and many others qualified to express an opinion, for many years to come, Canadian beef cattle producers have an enlarged opportunity for profitable export. The Geneva trade agreement provides for 400,000 head annually of cattle weighing 700 pounds and over to be admitted to the U.S. at 1½ cents per pound duty and an unlimited number over that figure at 2½ cents per pound duty. For the first time, the industry, from a marketing viewpoint, has a potential which it has not had since the years of the first world war when cattle were admitted to the U.S. without limit and free of duty. Our men cannot understand your Minister of Agriculture's appraisal of our future markets when he insists upon binding our industry to the unnatural United Kingdom market with contracts against which cattlemen have unequivocably taken their stand.

We hear repeatedly of U.S. dollar shortages and we cannot understand why one of Canada's basic industries capable of earning from $60 to $80 millions of U.S. dollars annually by exporting to its natural market is denied by the action of the government of Canada access to it. Instead is substituted an austerity program and excise taxes which increase the cost of living and in the case of cattle producers who must purchase many taxed items for their operations, increasing production costs.

We receive letters from your prices board pointing out that the average price of beef cattle the first part of this year was higher than last year. In this way they attempt to placate our cattle feeders. They do not have anything to say about the higher cost of feeder cattle last fall and the 80 per cent rise in the price of coarse grains. We learn that Canadian packers are allowed to export to the U.S. (and to receive the U.S. price) fancy meats such as tongue, hearts, livers, etc. We learn that they have never been restricted on their exports of beef to Bermuda or controlled on the price they receive for those exports.

Mr. Prime Minister, it is the duty of this association, which has represented the cattle industry in western Canada since 1896 to outline this unpleasant state of affairs in our industry and to request that you take an active and personal interest in the same.

Your Minister of Agriculture, at our 52nd annual meeting held at Lethbridge on January 15 portrayed himself as supporting the United Kingdom contract without reservation. He attempted to lead those present to believe that the United Kingdom negotiators did not haggle —"did not spend 10 minutes in his office". He said nothing about a subsequent meeting to be arranged prior to March 31 with U.K. negotiators to discuss ways and means of payment. His officials knew within a million pounds or so what surplus the beef cattle industry could produce in a given year. He estimated our surplus for 1948 would be 45 million pounds. "If we had thought we could sell more we would have written in more". Yet already over 60 per cent of the 45 million contract figure has been purchased by the meat board for export to the United Kingdom and the year is not one-quarter finished and our heavy fall marketing period is ahead of us.

At this livestock convention and after giving your minister a fair and full hearing, the heavily attended session voted unanimously the following resolution: "That this meeting go on record as favouring the restoration of the right of private export of cattle and to all the benefits accruing therefrom."

It may be of interest for you to note that your Minister of Agriculture at Woodstock, Ontario, on February 22, when addressing the Oxford county federation of agriculture, is reported by the press to have said, "I still believe

that the United States' market is the natural outlet for Canadian beef cattle and this country must get back into it as soon as we can." This was only five weeks after the Lethbridge appearance of your minister, yet he completely reversed himself. Small wonder our men are greatly confused.

At our recent directors' meeting, it was voted unanimously that we take our stand in unalterable opposition to the state marketing of our products under contracts. "We are a free country of free men and we favour free enterprise, a system which has been responsible for the growth of this nation. We are opposed to state socialism, to communism and we will not desist in our battle for the restoration of the right of private export."

Mr. Prime Minister, in all of the years in which I have actively engaged in cattle ranching, over 30 years, I have never seen such an unrest among our people. There is a feeling of frustration; a denial to them of what they know to be inherently and basically right. This matter of restoring the right of private export and the cattle industry to its rightful owners is a serious business. We implore you to give your personal attention to this matter. A continuation of present policy can only in our opinion undermine the confidence of the people in established authority and result in a permanent dislocation within Canada's beef cattle industry.

We would deeply appreciate a reply to this letter. My apology for its length, but it could not have been shorter. A copy is being sent to each of your ministers—agriculture, finance, and trade and commerce—and in due course it will be given widespread publicity.

Respectfully yours,

Chas. H. McKinnon,
President.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

NATIONAL INSURANCE COMPANY

The house in committee on Bill No. 151, to incorporate the National Insurance Company —Mr. Rinfret—Mr. Golding in the chair.

On section 1—Incorporation.

The DEPUTY CHAIRMAN: Shall section 1 carry?

Mr. ARSENAULT: I rise to record my objection to the adoption of section 1 of this bill. There are, Mr. Chairman, quite a number of insurance companies underwriting life and fire, as well as general insurance, which are concerned about the adoption of this section, and have raised strong opposition to it, for the obvious reason that to grant such a name as the National Insurance Company to this company would create confusion in the minds of insurance purchasers as to the exact identity of this company. Referring to the list of insurance companies registered to do business in Canada under the Canadian Insurance Act, 1932, as extracted from the *Canada Gazette* of April 10, 1948, I find ten different insurance companies using the word "national." We have the National-Ben Franklin Fire Insurance Company, the National Fire Insurance Company, the Nationale Fire Insurance Company of Paris, France, the National Liberty Insurance Company, the National Life Assurance Company, the National-Liverpool Insurance Company, the National Provincial Insurance Company, the National Retailers Mutual Insurance Company, the National Surety Corporation and the National Union Fire Insurance Company. The representatives of a company whose original name was "The Nationale Fire Insurance of Paris, France," ask us to grant them a new incorporation of their parent company in Canada under the name "National Insurance" which, in my opinion, comes in conflict with the name of many outstanding Canadian insurance companies, and which will lead insurance buyers in Canada to confusion, and might cause prejudice to insurance companies which, through years and years of steady work, sacrifices and sound management, have succeeded in building up prestige for themselves, and have identified their success with the word "national" in their organization.

No objection would be raised if the sponsors of this bill would consent to add something to the name of the company they wish to incorporate which would identify the company more specifically, as for instance, "National Indemnity Insurance Company," or "National Casualty Insurance Company." But no; in spite of all suggestions made to them, in spite of representations made in the banking and commerce committee by the attorneys of two outstanding insurance companies, the National Life Assurance Company of Canada and the National Fire Insurance Company of Hartford, no compromise has been reached so far in order to meet, to a certain extent at least, the suggestions made by these companies concerned.

May I point out that, because of my close association with the National Life Assurance Company of Canada, I refrained from voting in the banking and commerce committee on this matter. Furthermore, and for the same reason, I shall also refrain from voting in the committee of the whole should there be a division on this question.

We welcome foreign capital, but not at the expense of the prestige built up by our good, secure and soundly administered Canadian insurance companies and the British and American insurance companies doing business in Canada.

We understand that this company seeks incorporation because of the fact that its parent company in France has been nationalized by the French government. Therefore this new company's intention is to take over the Canadian interests and assets of the Nationale Fire Insurance Company of Paris, France. Why should not they continue to do business in Canada under their original name, since they have used that very same name in Canada since 1914, I understand? Furthermore, I consider it my duty to warn my hon. colleagues of all parties in the house that to grant such a controversial name to this company, without giving more careful consideration to this matter, might lead to serious implications in so far as the rights of the provinces are concerned in matters of insurance.

According to the provisions of the British North America Act, and many decisions of the judicial committee of the privy council, insurance is a subject which has been declared of provincial competence, although it is true that the federal government may incorporate companies with federal objects. I shall quote a few of the decisions of the judicial committee of the privy council. In the cases of Citizens Insurance Company *v.* Parsons, (1881) 7 Appeal Cases, 96, and John Deere Plow and Wharton *v.* the King, (1915), Appeal Cases, 330, the judgments declared that a province cannot pass an act which comes in conflict with the functioning of a company which was granted a federal charter. Here is another decision of the privy council: Great West Saddlery *v.* the King, (1921) 2 Appeal Cases, 91. The same principle applies in this judgment. The judgment reads:

> The provinces cannot sanction an act which would paralyze the functioning of a federal company, but the general laws of the provinces are applicable to federal companies as for instance, imposing taxes and laws respecting mortmain.

Another judgment is that of Bonanza Creek Gold Mining Company *v.* the King, (1915) 50 Supreme Court Reports, 534, which states specifically:

> The provinces have the right to incorporate companies with power to be exercised within the province and also to give a general power similar to the power of a physical person which might be exercised all over Canada.

The last quotation is from a judgment of the judicial committee of the privy council, in *re* The Insurance Act of Canada, (1932) Appeal Cases, 41, which states specifically that:

> A foreign company—

And that description can be applied to this particular case.

> —having obtained permission by virtue of provincial law to do business in a province is not under obligation to obtain a federal permit.

Any federal legislation imposing the necessity of a federal permit in this case would be unconstitutional. Furthermore, the federal authority cannot intervene in the business of insurance, since this subject is declared to be exclusively of provincial competence.

There are three ways by which a company may incorporate to sell life insurance or general insurance in Canada: through the request of the Secretary of State, through an act of parliament, or by virtue of an act of the provincial legislature. Therefore, to adopt clause 1 of this bill, without seeking the official opinion as to whether or not this name, the National Insurance Company, does come in conflict with the use of names of insurance companies incorporated in the provinces, is a greater responsibility than I wish to take as a member of this house.

I know of at least three insurance companies incorporated by the legislature of the province of Quebec which bear the word "national" in their name. In order to seek that information which is not yet available to this committee of the house, I communicated with the undersecretary of state, in the following terms:

Ottawa, Ont.,

May 6, 1948.

Mr. W. P. J. O'Meara, K.C.,
Asst. Under-Secretary of State,
West block,
Ottawa, Ont.

Dear Mr. O'Meara:

As you are aware, there is now before the House of Commons a bill which has passed the Senate, entitled: "an act to incorporate the National Insurance Company". This bill is bill O5 of the Senate. The name to be given to the company, is, quote. "The National Insurance Company" and in French, "La Nationale Compagnie d'Assurance".

My purpose in writing to you is to obtain from your department an official expression of opinion as to whether the names suggested would not come in conflict with names of existing companies, whether federal or provincial.

In other words, I would like to know, if, for instance, a similar application was made to the companies' branch of your department, it would be decided if whether or not, in view of the existence of similar companies (federal or provincial), the above mentioned names could be granted.

It is true that parliament is supreme and can decide to allow the incorporation under the names suggested, on the other hand, neither the Senate nor the House of Commons is in a position to know whether there is conflict in the names suggested without the advice of the government officials who have made a life-long practice of deciding the suitability of names suggested in cases of companies incorporations.

The difficulty resides, as far as parliament is concerned, in avoiding the use of names of companies incorporated in the provinces, or of names in conflict with that of any provincial company. It is evident that the duty of parliament in Ottawa is to protect, at all times, existing provincial rights, and it would no doubt be an invasion of those rights, if we were to give to a federal company a name already existing in any of the provinces or a name in conflict with any similar name in existence therein.

I would be grateful to you, as the matter is rather urgent, if I could have an answer at your earliest convenience.

I remain, dear Mr. O'Meara,
Yours very truly,

I wish now to table a copy of this letter and move that clause 1 of this bill stand until the officials of the Department of the Secretary of State have furnished this committee of the house with their official opinion as to whether the name "national" does or does not conflict with other names of existing insurance companies doing business under federal or provincial charter.

Mr. RINFRET: The name of the proposed company was submitted a long time ago to the superintendent of insurance in Ottawa. He has before him the list of all insurance companies and he himself appeared before the committee when this bill was called there.

Mr. JACKMAN: The former superintendent.

Mr. RINFRET: I was going to say that. Mr. Warwick, the present superintendent being unable to appear before the committee, asked Mr. Finlayson to take his place. Mr. Finlayson has had at least thirty years' experience in this work, and he stated to the committee that in his opinion the name which would be the most distinctive of all under the circumstances would be the name as incorporated in the bill, to wit: the National Insurance Company.

As the hon. member for Bonaventure has said, there are quite a number of other companies with the name "national". There is one he has forgotten and that is the National General, which was accepted and passed by this parliament at the beginning of this year. There is one thing he has not told us either, and that is, which company in particular he refers to when he objects to the use of this name.

If he is referring to the National Life Assurance Company, first of all the name of that company is "Assurance", whereas the name that we are seeking here is "National Insurance". There is quite a difference there, because the National Life Assurance covers all insurance purchasers who want life insurance, whereas in our case the National Insurance carries all kinds of insurance except life.

The question was put to Mr. Finlayson whether this company, with the present charter, could go into life insurance, and the answer Mr. Finlayson gave was, "No, they cannot. If they wish to have the power to carry on business as life insurers they will have to come back to parliament with another bill and ask for permission to do so". They have no intention of going into that line.

As to the suggestion made by the hon. member that the addition of another name to the word "national" might help, a suggestion was put forward before the committee that this company should take the name of National General. That carried until I brought before the committee the bill which we passed at the beginning of this session.

If we take the name "indemnity" we shall clash with all other companies appearing in this insurance list to which the hon. member has referred, having names in which the name "indemnity" appears. There are quite a number of those.

If we use the word "casualty" we come into conflict with all the casualty companies, of which there are quite a number. That question was also discussed by Mr. Finlayson before the committee; and he said that, since this company has two names, if the name were translated into French it would give rise to serious difficulties and confusion with other existing companies, because if we carried the name "National Indemnity Company", the name in French would be "l'indemnité nationale;" therefore we would cease completely to have the name "national", and the company would be called by the name "l'indemnité". If we called it the National Casualty, in French it would be La Casualité Nationale, and therefore the name would appear as La Casualité and that would do away completely with the name.

This company has been operating in Canada since 1914. The name of the company, which is mentioned in paragraph 9 of the bill, I believe, is La Nationale Compagnie d'Assurance. That is the name under which the company has been known. In English it was translated as The Nationale Fire Insurance Company of Paris, but the real name of the company is La Nationale, and whenever anybody wants to do business with that company in Montreal they always call it La Nationale. It has been known as that ever since 1914. The word "fire" was dropped in order that the name of the company would not clash with that of the National Fire

Insurance Company of Hartford. So, instead of creating confusion, we are avoiding confusion by adopting this new name.

The hon. member for Bonaventure has referred to foreign capital. This is not a foreign capital company. It is being incorporated with four gentlemen, everyone of whom I know. The capital is all subscribed here in Canada; it is all Canadian money that will go into the company. It is true that it is the intention of the company to buy the Canadian assets and obligations of the French company, La Nationale; but, as I have said, the capital to go into the company will be all Canadian.

The suggestion has been made that we should give a little more consideration to the names of various provincial companies. It is evident from the proceedings in the committee that no company outside of the two that appeared has any objection to the name "National Insurance Company". The two companies that appeared before the committee were the National Fire Insurance Company of Hartford and the National Life Assurance Company. These two companies offered suggestions, and both of them were represented by counsel. Mr. Finlayson was asked to give his opinion to the committee as to the advisability of adopting this name; and he advised the committee that in his estimation, after thirty years' experience as superintendent of insurance, the most distinctive name that could be chosen in the face of the objections of the National Life Assurance Company and the National Fire Insurance Company was the one we have chosen, the National Insurance Company. That distinguishes it from either the National Fire or the National Life.

The hon. member for Bonaventure has referred to various cases that went to the privy council. I know those cases well, and I cannot see how they support his contention. The conflict between a province and a federal company has nothing to do with a possible conflict between a provincial company as against a federal company. Therefore I cannot see why those references were made.

There are three authorities, the Secretary of State, an act of parliament, and an act of the provincial legislature, by which a charter can be granted to an insurance company. That is quite true. It seems to me that the place to make objections was before the committee. If the National Life Assurance Company wanted to make objections they should have appeared before the committee and have come prepared with any objections emanating from the office of the Secretary of State, but they did not do that. They were duly represented before the committee and made their objections. A vote was taken in the committee, and the result was thirteen yeas in favour of the name National Insurance Company, and six nays against it. After that vote, the name was adopted.

The report mentions that the Hon. Philippe Brais represented the National Insurance Company, Mr. Wilson McLean, the National Life Assurance Company and Jean Martineau, the National Fire Insurance Company. They all had an opportunity to make their objections before the committee.

Reference has also been made to the list of insurance companies. It is curious to go through it and see how many of these companies have similar names. There is, for instance, the Aetna Insurance Company and the Aetna Life Insurance Company. Many companies have the word "American" in their name. There are the American Insurance Company, the American Automobile Insurance Company, the American Equitable Assurance Company.

Similarly "Continental"; is used by four different companies. There is the Continental Assurance Company, the Continental Casualty Company, the Continental Insurance Company, and the Continental Life Insurance Company. It is noticeable that the Continental Life Insurance Company was the first one to be licensed in Canada; it was licensed in 1899. Then in 1910 the Continental Insurance Company made application and got their licence, even though a company already existed known as Continental Life Insurance Company. In 1917 the Continental Assurance Company made application and got a licence, although at that time there existed the Continental Life Insurance Company and the Continental Insurance Company.

Similarly with the word "Fidelity". There is the Fidelity Insurance Company and the Fidelity Life Assurance Company.

Similarly there is the General Insurance Company, the General Accident Assurance Company, the General Accident Fire and Life, the General Security Insurance Company, and so on.

There is the Guardian Assurance Company, the Guardian Insurance Company and the Guardian Life Insurance Company. One of these companies had to exist before the other; notwithstanding that, when the second licence was applied for, it was granted.

The same thing applies in the case of the Home Insurance Company. Another company was afterwards incorporated known as the Home Fire and Marine Insurance Company.

There is the Imperial Assurance Company, the Imperial Guarantee and Accident Insurance Company, the Imperial Insurance Office, the Imperial Life Assurance Company. The Imperial Life Assurance Company was the first of these to be licensed in 1897. The second to be incorporated was the Imperial Insurance Office, and the third was the Imperial Assurance Company, although at that time in 1922 two other companies bearing similar names were already in existence.

The same thing with the London Assurance Company, as against the London Life Insurance Company. Similarly with Manufacturers Life Insurance Company and Merchants and Manufacturers Insurance Company.

Then we come to the Northern Assurance Company, which was granted a licence, although there already existed the Northern Life Assurance Company.

There is the Phenix Fire Insurance Company. There again we have a three-cornered fight among the Phenix Fire Insurance Company, the Phoenix Assurance Company, and the Phoenix Insurance Company.

We have the Prudential Assurance Company and the Prudential Insurance Company. We have the Royal Exchange Assurance and the Royal Insurance Company. We have the Standard Insurance Company and the Standard Life Assurance Company. The Standard Insurance Company got its licence in 1946, although the Standard Life Assurance Company had been in existence since 1933.

Again there is the Sun Insurance Office, and the Sun Life Assurance Company.

We find the same thing under the name "union". We have Union Assurance, Union Fire and Accident, and Union Insurance. In that case again one of the companies had to exist before the others were formed. We have the same thing again under the word "western". We have Western Assurance and Western Life Assurance. In this case the names are almost identical, except that one has the word "life" added, whereas in the case under consideration the one name is "National Life Assurance" and the other is "National Insurance".

Mr. ILSLEY: If I may ask a question just for information, in the case of companies such as Western Life Assurance and Western Assurance, do they represent substantially the same interests?

Mr. RINFRET: I believe in the case of the Travelers there are three companies: Travelers Fire, Travelers Indemnity, and Travelers Insurance. Those three represent the same interests, and that is why I did not cite those companies. In the other cases mentioned one company is English and the other American, and when there is a third company usually it is Canadian; but they do not represent the same interests. That is why I did not refer to the Prudential company.

In the face of all this, Mr. Chairman, and particularly in the face of the opinion or advice given by the superintendent of insurance, Mr. Finlayson, who has had at least thirty years of experience in these matters, I do not see how we can refuse to accept that advice as well as the affirmative two to one vote in committee. On the other hand, if the hon. member for Bonaventure insists that this clause should stand and the committee favours having it stand until next week, until a reply is received to the letter to Mr. O'Meara, I cannot but bow to that decision, though I doubt whether anything new will come to light.

Mr. HERRIDGE: I intend to support the motion of the hon. member for Bonaventure, because I think the arguments he advanced were sound. I am not a bit concerned about what the insurance companies think, but I am concerned about what the people think; and this multiplicity of names is very confusing to the people. Over and over again I have heard complaint made by people who have been buying life insurance, fire insurance and insurance of other kinds, particularly by people who are not acquainted with the exact name of these various companies. I have known men to make mistakes. I have known of agents soliciting life insurance, and of men doing business with another company which they thought was the same one. I believe the arguments advanced by the hon. member who has just resumed his seat were most unsound. The main basis of his argument was that because we have done things in a certain way in the past, therefore that way must be correct and followed for all time.

This question has been given a good deal of consideration in British Columbia, where they are more careful in such matters now than they were a few years ago. Today the records are searched very carefully to see that a company seeking incorporation does not have a name similar to that of a company already incorporated. I know of a company which sought incorporation less than two months ago under the name Columbia Lumber Company. Because there was another company known as the Columbia Timber Company, the application was refused. Then a company sought incorporation under the name of the Arrow Company; but because there was already a company known as the Arrow Sales Company, that application was refused, on the ground that it would cause confusion in the public mind. Those matters are scrutinized

very carefully in British Columbia, and the reason is that in the past they have found people confused because of the laxity shown then in authorizing similar names for incorporated companies.

Before resuming my seat, I repeat that the arguments of the hon. member for Bonaventure struck me as being sound. I should like to ask the Minister of Justice a question, though I am not quite sure whether he is the proper minister to answer it. Does the superintendent of insurance or any official of this government check with the provincial governments before granting the use of a name applied for by a group who wish to become incorporated?

Mr. ILSLEY: Well, Mr. Chairman, it is a bit irregular for a question to be directed to a member who is not in any way connected with the bill, but my recollection is that the superintendent of insurance was always consulted as to whether any confusion would likely result when the name of a new company was proposed. What checking he does I am not sure, but I should imagine he would be pretty well acquainted with the situation respecting names, one way or the other.

Mr. MICHAUD: I want to say a word in opposition to this amendment. I happened to be in the committee when this matter was discussed. There we had the benefit of the advice of Mr. Finlayson, who was asked whether there was likely to be confusion because of the name. He replied in the negative, and he was satisfied. Then we heard argument from learned counsel representing those who objected to the name and those who supported the bill. I went there with an open mind; I had no interest one way or the other, and after the discussion was over I was satisfied that this company which is making application for incorporation has just as much right to this name as any other company.

Personally I do not feel that the word "national" should form part of the corporate name of any insurance company. I think the inclusion of that word is likely to give the impression that the corporation has the support or approval in some way of the government of this country. The fact remains, however, that there are hundreds if not thousands of corporations using this adjective "national" in their corporate names.

Mr. LAPOINTE: Union Nationale.

Mr. MICHAUD: Yes, the Union Nationale, though it does not mean the same thing. If we refused the application of those applying for incorporation on that ground, then we would be doing them an injustice because of the status of the other companies.

Apart from that, this company has been doing business under the name "national." It is true that now they are seeking a dominion charter; but they have been known under that name, and the name for which they apply in their petition is just as distinctive as in the case of the other companies which have been mentioned by the hon. member for Outremont.

The hon. member for Bonaventure, my genial neighbour from just north of New Brunswick, has read into the record a letter he wrote on May 6, seeking advice and information from officials of the government. That was just yesterday. This bill was considered in committee two or three weeks ago. How it is that the hon. member for Bonaventure did not think of seeking legal advice or other technical advice before yesterday? After that, he would be in a position to give us the benefit of whatever advice he had obtained. However, so far as we are concerned, the only technical advice we have is that of Mr. Finlayson, who has no objection to the corporate name, and who is satisfied that it meets with the requirements of the department over which he presided for many years. For these reasons I feel I must oppose the motion of the hon. member for Bonaventure.

Mr. ARSENAULT: I can answer the hon. member for Restigouche-Madawaska in one word. In the first place, we must understand that Mr. Finlayson is no longer the superintendent of insurance. In the second place, his evidence before the committee on banking and commerce did not cover insurance companies doing business under provincial charters. And that is very important.

Mr. JACKMAN: The hon. member for Kootenay West has ably expressed the point of view which I hold in regard to this bill, and the motion of the hon. member for Bonaventure. I believe it can lead only to confusion if the name "national" is granted. Certainly that would be so in the province of Ontario. The argument of the sponsor of the bill clearly indicates that already there are a great number of companies in the insurance field with somewhat similar names, and that already there is a state of confusion. Why should that state of confusion be added to by parliament's granting the name "national" to another company which wishes to adopt that name, without any qualification, exclusively to itself, and which name is embodied in part of the titles of many companies already existing.

I believe the argument of the hon. member for Restigouche-Madawaska is not one which

can be used in favour of granting the name, but rather one which should be used against the granting of it, that is, that we should not allow the generic term of "dominion" or "national" to constitute the name or even part of the name of companies which transact business.

There has been confusion in the past when the word "dominion" has been used. I have known of a case where a man whose claim was being settled was asked if he felt he had been fairly dealt with. His reply was, "What is the use of going up against the dominion?" He thought it was the government itself.

I understand that one of the provinces in the dominion has already passed legislation against allowing the use of words such as "dominion", "provincial", or the name of a particular province. I do not recall that Mr. Finlayson, who came out of his retirement to give evidence on behalf of this company, gave evidence on behalf of the insurance branch; but he proved a very good witness for the company which wanted to use this name. Between his evidence and the very strong persuasion of Mr. Philippe Brais, the committee did vote in favour of granting this name, after considerable discussion which lasted about an hour.

While Mr. Finlayson is a man who has won great esteem from all of us because of his conduct of the insurance branch, yet he is not necessarily the best judge in the world of whether a certain name will or will not cause confusion. Certainly in my part of the dominion the word "national" is very likely to cause confusion. One of the counsel opposing the bill came from the National Life Assurance Company, and the point was made that there might be some confusion.

It was pointed out in rebuttal that the company about which we are now speaking could not enter the life insurance business without coming to parliament and securing additional powers. Yet, if at some time in the future, perhaps five or ten years from now, it was decided by the directors of this "national" company that they wanted to engage in the business of life insurance, they could apply for an extension of their powers and there would be no reason why they should not be allowed to go into the life insurance business. The question of what name they should then operate under would come up. Having been established for five or ten years as the "national" company, it would be very difficult not to concede them the use of the name.

Mr. RINFRET: That is exactly the way the company seeking to be incorporated has been known since 1914.

[Mr. Jackman.]

Mr. JACKMAN: It may be known in the French-speaking part of the country as the "nationale"; but certainly it is not known, so far as I know, nor does it transact business east of the province of Quebec. If it does, it will run into conflict with the National Life Assurance Company.

Mr. RINFRET: They do not transact the same kind of business at all. One is fire and the other is life.

Mr. JACKMAN: I have stated that; if the hon. member had been listening he would have heard.

Then the name was opposed by counsel representing the National Fire Insurance Company of Hartford. It is their belief that there would be a certain amount of confusion.

May I suggest that the dictionary has by no means been exhausted if they want to get a good name for this particular company. I might suggest that if they want a name they could call themselves the National Beaver or the Anglo-French Insurance Company, or the Maple Leaf Insurance Company, or the Security Fire Insurance Company. They cannot call themselves the Travelers, they could call themselves the Wanderers, or any other name. It is perfectly absurd to say that they cannot find a suitable name. And I would say to the sponsor of the bill, who wishes to get a word which would be useful not only in the British language but also the French, that there are about 20,000 words which have the same meaning in each. Surely he could find some name among that number.

Mr. CRUICKSHANK: Would you object to the Rosedale Casualty?

Mr. JACKMAN: If you wish—or perhaps the Fraser Valley Casualty. However, as I have suggested, there are plenty of names from which this company could choose, if it wishes. There can be only one result if parliament sees fit to grant the use of the name "national" exclusively to this company, and that is, while the company itself may not willingly or may not have as its main reason the desire to poach upon other companies, it will unconsciously result in poaching and in confusion with other fire insurance and casualty companies in Canada.

Mr. BELZILE: Mr. Chairman, the point has been raised as to whether the department of insurance had any objection to the present name.

Mr. ARSENAULT: Not that point.

Mr. BELZILE: The superintendent of insurance has made a report to the Depart-

ment of Finance and, although I do not wish to read it all, I believe I should read the conclusion of the letter for the information of the committee. In the last paragraph of his report Mr. Warwick, superintendent of insurance, states this:

> After hearing the objections to the name raised in the banking and commerce committee, the department believes that the company incorporated by this bill is, in view of all the circumstances, entitled to the name it has chosen, and that no injury will be done thereby to any other company with a similar name.

That letter is signed by R. W. Warwick, superintendent of insurance.

Mr. ARSENAULT: That covers only the federal insurance companies.

The DEPUTY CHAIRMAN: Order. I believe the hon. member's motion is out of order. Standing order 48 states:

> When a question is under debate no question is received unless to amend it, to postpone it to a day certain—

And so on. The hon. member's motion is quite indefinite. It does not say when it will be considered again. I believe under the standing order the motion is out of order.

Shall the clause carry?

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: On division.

The DEPUTY CHAIRMAN: Those in favour of the clause carrying will please say "yea."

Some hon. MEMBERS: Yea.

The DEPUTY CHAIRMAN: Those opposed will please say "nay."

Some hon. MEMBERS: Nay.

The DEPUTY CHAIRMAN: In my opinion the "yeas" have it.

Section negatived: Yeas, 21; nays, 33.

The DEPUTY CHAIRMAN: I shall have to declare the section lost.

Mr. IRVINE: What becomes of this child now? We have spent a great part of the evening discussing its name.

Mr. RINFRET: I ask that section 2 stand.

The DEPUTY CHAIRMAN: Before we can go any further with the bill—

Mr. RINFRET: I ask that the bill stand.

Mr. KNOWLES: If we have defeated clause 1 we have defeated the whole thing.

The DEPUTY CHAIRMAN: Is it the pleasure of the committee to consider clause 2?

Some hon. MEMBERS: Dropped.

Mr. KNOWLES: How can you consider clause 2 when it speaks of persons named in section 1 and section 1 has been defeated? In fact, section 1 is the section that incorporates the company. It seems to me that the bill has been badly mutilated.

Mr. RINFRET: I ask that the committee report progress.

Mr. Speaker resumed the chair.

CANADIAN MARCONI COMPANY

The house in committee on Bill No. 205, respecting Canadian Marconi Company—Mr. Whitman—Mr. Golding in the chair.

On section 1—Power to sell or dispose of assets, etc.

Mr. CRUICKSHANK: I should like to have an explanation of the bill. In the province of British Columbia we are not quite as familiar with the Marconi Company and, since this bill has apparently come in through the back door I think we should have a full explanation. For instance, the new section will read:

> The new company shall have power to sell or dispose of its undertaking and assets or any part thereof for such consideration as the new company may think fit and, in particular, for shares, debentures or securities of any other company.

I should like an explanation from the sponsor of the bill as to exactly what is meant by that.

The DEPUTY CHAIRMAN: The committee is on clause 1. Shall clause 1 carry?

Some hon. MEMBERS: Carried.

Section 1 agreed to.

The DEPUTY CHAIRMAN: Shall the preamble carry?

Some hon. MEMBERS: Carried.

Preamble agreed to.

The DEPUTY CHAIRMAN: Shall the title carry?

Some hon. MEMBERS: Carried.

Mr. COLDWELL: Are we not going to have a little more explanation? The hon. member for Fraser Valley asked for a certain explanation and all we have heard is "Carried". I do not think that is an explanation of either the clause or the bill.

Mr. CRUICKSHANK: I am serious about this. Are we not entitled to an explanation? I do not know what the bill means and I do not think anyone in this committee does. If a bill is worth being brought before this com-

mittee, concerning a corporation the size of the Marconi Company, surely we are entitled to an explanation of what it means.

Some hon. MEMBERS: Carried.

Mr. CRUICKSHANK: No, it is not carried.

The DEPUTY CHAIRMAN: I called clause 1 and nobody objected to it.

Mr. CRUICKSHANK: Oh, Mr. Chairman.

The DEPUTY CHAIRMAN: I called the preamble and said, "Shall the preamble carry?" and some hon. members said "Carried" and nobody opposed it.

Mr. CRUICKSHANK: Oh, Mr. Chairman.

The DEPUTY CHAIRMAN: Order. What we are on now is the title. Shall the title carry?

Some hon. MEMBERS: No.

Mr. COLDWELL: The calling of "Carried" was done with such rapidity that one did not have time even to ask a question. I remember the other evening when the hon. member for Winnipeg North Centre was in charge of a bill, the Speaker asked the house three times and three times it was called "Carried", but the debate went on. I think the hon. member for Fraser Valley was quite within his rights in asking for an explanation, which was not given. I certainly think he ought to get the explanation for which he asked, but I see it is nine o'clock.

The DEPUTY CHAIRMAN: I do not like this way of doing business.

Mr. COLDWELL: I do not either.

The DEPUTY CHAIRMAN: My hon. friend says he does not either. I called clause 1 and said, "Shall clause 1 carry?" and no one got up to say "No". However, there were members who called "Carried". Then I asked if the preamble would carry and they said "Carried".

Mr. MacINNIS: The hon. member for Fraser Valley was on his feet several times. He read a section of the bill and he asked for an explanation. Surely that is a better indication that the bill is not carried than that some one should say "No." Either he is entitled to an explanation on the bill, or he is not. I think the rule of the house is that he is entitled to an explanation.

Mr. WHITMAN: An explanation was given on the second reading of the bill and also in the committee on railways, canals and telegraph lines. Bill No. 205 is a simple bill. As I explained before to the house, the Canadian Marconi Company was incorporated by statute in 1903 and it has only the power given to it by that statute. If it were incorporated today under the Companies Act it would have the powers which it is asking for. We are merely asking to be brought up to date. If there are any questions to be asked I am prepared to answer them.

Mr. KNIGHT: On a point of order, is the committee in order in discussing a private bill after nine o'clock?

The DEPUTY CHAIRMAN: If the committee is not satisfied the only thing to do is to report progress and deal with this section at our next sitting.

Mr. WHITMAN: With unanimous consent we could go ahead for a few minutes.

Some hon. MEMBERS: No.

The DEPUTY CHAIRMAN: If the committee wishes I shall report progress.

Mr. KNIGHT: May I have a ruling on my point of order?

Section stands.

Progress reported.

SUPPLY

The house in committee of supply, Mr. Golding in the chair.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $234,297.

Mr. HARKNESS: Mr. Chairman, I apologize for having had to take so much time reading the letter into the record. I would much have preferred to have it printed without my reading it, but since that was denied me there was no other course open to me.

As stated in the last paragraph, the Minister of Agriculture was sent a copy and I know he is familiar with it. I know also that he received another copy because I sent him one myself.

I would appreciate it now if he would give an answer to some of the direct as well as the implied questions in that letter. As I said at the beginning, the letter expresses the deep dissatisfaction of the beef men, and their insistent demand that the ban on the export of cattle to the United States be lifted. Now that the minister has the matter of allowing these exports again in his own hands, would he not now announce the lifting of that ban?

As I was reading the second last paragraph of the letter, which dealt with the deep sense of frustration and irritation of these people, and the undermining of their confidence in established authority, I noticed the minister

smiling. I do not know whether he was smiling at that; perhaps he was. However I would assure him that it is not a smiling matter.

Some doubt was cast upon the statement made by the hon. member for Lethbridge in this house some time ago, that the people in southern Alberta were talking secession. There is no reason for any such doubt to be cast upon it. I know of my own knowledge that petitions have been circulated around that part of the country and have received a large number of signatures among the farmers and ranchers, and the man signing stated he was in favour of the secession of western Canada from eastern Canada. That is how deep the feeling is on this matter and on various other matters as well, the income tax in particular. It shows the depth of their dissatisfaction.

It is of no use the minister smiling at the language of that letter, which was restrained, nor is there any use pooh-poohing the statement made by the hon. member for Lethbridge some time ago. That feeling exists, and unless action is taken by this government to give those people the satisfaction which they think is rightfully theirs, the feeling is going to grow. A great disservice is being done to the spirit of unity in Canada, to Canada's national spirit, by the continuance of this ban on cattle. Apart from the economic end of it, and from the straight point of view of national feeling and unity, the ban on the export to the United States is a bad thing and is creating a bad feeling and doing damage.

Mr. GARDINER: The statement which has been read on to the record of the house gives a very good reason for the rule which does not permit statements of that kind to be put on *Hansard* without being read. The statement is simply a speech prepared by an organization and sent to this house to be placed on the record. I am quite sure that everyone will agree that those who prepare speeches of that kind to be sent to the house should not have them put on the record.

Mr. HARKNESS: On a point of order, Mr. Chairman, I think the minister should withdraw that statement. This is not a prepared speech at all. It is a letter, and it was not sent to me at all with the suggestion or idea that I should read it into the record. That was never even suggested to me. I think the minister should completely withdraw that statement.

Mr. GARDINER: I have nothing to withdraw, Mr. Chairman. Whether it was intentional or otherwise, it is a speech prepared by an organization in Alberta and contains all the arguments of speeches to which I have listened. Whether it was addressed to the Prime Minister or to me—as a matter of fact, I have a copy of it—that is what it is to all intents and purposes, and it would be entirely improper to have had it put on the record of this house without being read to the members so that they could hear it at first hand. As a matter of fact, there are so many statements in it that are not in accordance with the facts at all that it ought to be answered, and answered immediately.

In the first place, the suggestion is made that I went to Britain to get the British to enter into a contract for beef when the British had no desire to have the beef. The facts are that the British at that time were prepared to pay the United States price for our beef to be shipped to Britain and the only reason for not having done so was the fact that their desire did not correspond with our own ideas in this country at that time with regard to price control. They were anxious to get all the beef they could from Canada, and there is no information available to anyone which would offset that fact.

A further fact is that the gentleman who signed the letter and all those who had anything to do with writing it, were sitting at a table in Lethbridge. I think my hon. friend the member for Lethbridge was in the room at the time, when I was asked the question whether I considered that the United States market was the proper market for our Canadian cattle, and when I answered directly that the United States market was the market which would be supplied in the future by our cattle from this country. There has never been any question about that, and when the writer of the letter states that I had reversed my position between the Lethbridge meeting and the Woodstock meeting, he is stating something that is entirely incorrect. The same statement was made at both meetings, and not only that but it has been made at every session of this house since 1942, namely, that the market which would best provide for our surplus cattle in the future would be the United States market.

The reason the government has not permitted our cattle to enter the United States market up to the present has to do with price control, and not with the question of marketing considered by itself. But, as I have stated today, the position of the government has changed within the last day or two because we believe that the changed conditions both in the United States market and in this market make it possible to approach the question from another point of view, and that point of view exactly the one which is suggested in the letter should

be followed, namely, that the United States market is the natural market for Canadian cattle.

There are a number of other matters dealt with in the letter upon which I am going to touch as soon as possible, just to indicate that the letter itself is not based upon facts, and not being based upon facts there is very little reason for anyone giving any further consideration to it.

In a number of important points Mr. McKinnon's statements are not in accordance with the facts as established by actual records in Ottawa.

In paragraph 3, on page 1, of Mr. McKinnon's letter this statement is made:

> The main purpose of the (food) corporation was in times of surplus to purchase live cattle at Canadian ceiling price equivalents, export the same to the United States in order to keep trade channels open and, if a profit should accrue, to keep the same for the future benefit of the industry.

This statement is, of course, directly contrary to the operating policy announced and followed by the food corporation while it was buying and selling cattle in the year 1942. The operating policy of the company was to buy cattle in Canada at the equivalent of United States values and to sell the cattle to the Canadian meat trade at the equivalent of Canadian ceiling prices for beef. In pursuing this policy, an effort was made to pay to the Canadian producer the equivalent of United States prices for his cattle up to the numbers that might have been shipped under the quota while, at the same time, keeping down meat prices to Canadian consumers. The corporation actually made a deficit of more than $800,000 which, of course, was in line with the policy which the corporation was directed to follow.

It is true that in carrying through this policy the corporation did export a few cattle, but this was done mainly to test the accuracy of the judgment of those who were appraising cattle for the corporation. The financial results of the exports were that the corporation broke almost exactly even, thus indicating that the appraisers had done a reasonably sound job in estimating the value of the cattle at the time the purchases were made.

Mr. HARKNESS: Before the minister goes on, may I point out that the sentence immediately preceding where he started, says, "It was understood" by the cattlemen that that was the purpose of this corporation and so forth. Who gave them to understand I do not know.

Mr. GARDINER: They had no reason to understand that, because there was an announcement in every paper in Canada to the effect of what I have just given to the committee.

Mr. HARKNESS: It is only fair to have it appear on the record that they understood that.

The DEPUTY CHAIRMAN: Order. I would ask the hon. member not to interrupt. He has the opportunity to speak as soon as the minister sits down.

Mr. HARKNESS: I think the minister agrees with me.

The DEPUTY CHAIRMAN: Order. Two should not be speaking at the one time.

Mr. GARDINER: No, I do not agree. I agree that when men start to write a letter of that kind they ought to get the facts, and get them right. There is no necessity for "understanding" such and such.

On page 3 in paragraph 3 the statement is made that, with the removal of ceilings on barley and oats "at the commencement of the 1947 feeding season", prices of these grains rose by approximately 80 per cent. The facts are that prices of barley and oats rose at less than half the rate indicated in Mr. McKinnon's letter. Here are the actual figures:

Fort William prices—cents per bushel

	Average Oct. 1-16 1947	Average Dec. 1947	Per cent increase over October	Average Jan. 1948	Per cent increase over October	Average Mar. 1948	Per cent increase over October
Oats	$0.65	$0.82½	26·9	$0.85½	31·1	$0.73⅝	13·2
Barley	0.93	1.27⅛	36·6	1.28½	38·1	1.08¼	16·4

It will be seen that the percentage increase in December 1947 over October was 26·9 per cent, not 80 per cent, and that the percentage increase in October over the average January 1948 price was 31·1 per cent, not 80 per cent.

If we take the whole period, there was no time when the increase in oats was more than 31·1 per cent, and the increase for a considerable part of that time was only 26·9 per cent and for another considerable period, 13·2 per cent. And for oats and barley, there was no period in the whole time when the increase was more than 36·6 per cent, and the average increase was under 30 per cent.

Then, on page 5, paragraph 2, this statement is made:

. . . already over sixty per cent of the 45,000,000 pound contract (for beef) has been purchased by the meat board for export to the United Kingdom, and the year is not one-quarter finished.

Well, the year is now more than a month beyond the period mentioned here, and the figure is not yet up to thirty per cent, let alone sixty per cent.

Mr. ROSS (Souris): What is the date of the letter?

Mr. GARDINER: I believe it was dated some time in April; at any rate it was before the end of the first period. The facts are that the beef contract is for 50,000,000 pounds, and that at April 1 approximately 15,000,000 pounds had been delivered on the contract, which is about thirty per cent instead of sixty per cent of the contract, as indicated by Mr. McKinnon. There are other inaccuracies in the letter, but this will serve to indicate the degree to which the letter departs from strict statements of fact.

The memorandum goes on to say:

In the matter of policy, of course, Mr. McKinnon is entitled to hold and to express whatever views he wishes with regard to export controls, price controls and floor prices. However, it may be worth while observing that Mr. McKinnon deals with the beef and beef cattle situation as if cattle alone of all farm products had been subject to export controls and price ceilings. The fact is that practically all farm products were directly or indirectly under price ceilings and export controls during the war. Furthermore, many of the export controls have been continued down to the present moment. The basic reason for this whole policy was, of course, to retain in Canada sufficient supplies of food to meet the needs of Canadian consumers and to enable the whole price control program to operate. Mr. McKinnon's reference to free exports of dairy cattle and purebred livestock generally has little bearing on the general situation because they do not ordinarily form part of the food supply, therefore free exports had little or no adverse effect on that supply.

In the matter of prices and general economic position, it is a simple statement of fact to say that there has been no consecutive period of similar length when the Canadian cattle industry has prospered to the degree that it has since 1940. This prosperity has been due in part to favourable climatic conditions and in part to rising prices and ready sales for all cattle produced. Early in the war cattle prices rose faster and farther than prices of most other farm products. In the later years cattle prices have been more stable, but they have still tended to rise. Prices for the first three months of 1948 have been higher than for any other three consecutive months since accurate records have been kept.

Mr. HARKNESS: I must say I was surprised to see the Minister of Agriculture reading a very long typewritten reply to this letter and the remarks I made on it. He and his officials must have been very busy since we rose at six o'clock in order to have this all typed out and ready. It is unlike the minister to read statements; he is one man who stands up and gives a reply more or less right off the bat, and usually in exceptional form. If I had three hours more, probably I could dig up sufficient statistics and figures to throw as much doubt on the figures the minister has just given as he has been throwing on the figures given by Mr. McKinnon, but until I have time to do that I shall say no more on the matter.

Mr. GARDINER: Just to conclude the discussion, I may say that I had this prepared in order to answer the letter at the time I received it. After I read the letter, however, I realized that I had answered it all at Lethbridge and other places, and that the gentleman who wrote it had been sitting alongside me, so that I did not think it was worth while going all over it again. I still have the document, and I have given it to the committee this evening in reply to the letter which has been read.

Mr. BRYCE: I have a few remarks I intended to make on the various items as we came to them, but I think everything will be pretty well said before we reach the items. When you have to follow a number of western members who have been speaking on agriculture, and you are able to dig up something new to say, you are going some. Two or three times since this debate started I should have liked to take part in it. I should like to have said something about the windmill business and the use of electrical appliances on the farm, but I am not going to take up time with that; everything has been pretty well said. The only point is that in Manitoba our difficulty has always been to get enough wind to blow the charger. They do not seem to have that trouble in Saskatchewan.

Mr. GARDINER: There are not enough members of the C.C.F. in Manitoba.

Mr. KNOWLES: They have a coalition government there; they neutralize each other.

Mr. BRYCE: I have had some experience in these things. I am happy to say that this year the hydro came past my farm home, and the dream we have had for many years—I do not know how far back other hon. members go, but we have been talking about it for twenty-five years—has come true. At last we shall

be able to have these electrical appliances on the farm. Just in passing, may I say that even if hydro had been available before the war I am doubtful whether in some districts of Manitoba we would have been able to sign up enough people to make it worth while to bring it in, but that is not the case today.

I have listened to the arguments about cattle going to the United States. I have always maintained that the United States was the logical market for our surplus cattle. However, we were at war, and we had commitments to Britain. Now, however, I am delighted to hear the minister say that he is going to run this business himself. I do not agree with him half the time or perhaps seventy-five per cent of the time, but I think he will make a better job of it than the Minister of Finance because, while the Minister of Agriculture may have been born in the east he is a westerner now, and he will have to listen to the cry of the west. There are heavy rumblings out there today, and it would be a great help if we could have even a small quota to start with. The hon. member for Calgary East mentioned the situation in Mexico, where the cattle have foot and mouth disease and, as a result, are not allowed to enter the United States. If we could supply those 220,000 cattle it would be a wonderful thing. I think the Canadian Federation of Agriculture sum it up pretty well in their report, in this way:

> Having in mind that the United States market in the past has been the only satisfactory long-term market for our surplus beef production, the restoration of this market at the earliest possible moment consistent with the national interest, was strongly urged. Pending this, our delegates again urged the immediate establishment of token shipments as a means of preserving contact with that market.

I believe our ambition should be to get back into that market, beginning in a small way and gradually building it up.

But there is another market I should like to bring to the attention of the minister, in regard to feeder steers. When I was in Britain last I went into this question thoroughly, and there is a good market there for our good-class feeder steers that are not properly finished in the fall and cannot be finished here because they go into the packing plants. They could go to Britain, where they would bring a good price; and we could use the Hudson Bay railway to take them out. I think this is worthy of consideration. I know the price would be right, and the British farmer wants them for feeding purposes. I might say that our steers make remarkable gains over there when they are put on that good feed they have.

Mr. ROSS (Souris): A little bit of heather?

[Mr. Bryce.]

Mr. CAMPBELL: Do you feed them oatmeal over there?

Mr. BRYCE: I would also call the minister's attention to the matter of condemnation insurance. We have been paying the same rate of condemnation insurance since 1906, and the government has spent large sums in the eradication of tuberculosis from among our cattle. I suggest that the rate should now be reduced. If the department has been making the progress I think it has, then a rate of half of one per cent is too large. A tremendous number of hogs have gone through; yet there is practically no tuberculosis among hogs. There have been instances where some trace has been found in their necks, but it has not been much. The disease among hogs has not been serious; yet we have been paying this condemnation insurance on these animals right along. I would ask the minister to do some investigating into the matter. It is something that is entirely in the hands of the packing companies. As the minister has told me before, no one needs to sell his cattle to a packer unless he wants to. But that is our outlet today; there is more stuff going to the packer than ever before. Tubercular areas have been set up, and the minister told us a few nights ago that there are more veterinary surgeons employed than ever before, and more is being done for that work.

In the light of those facts, this rate of condemnation insurance should be lighter. I do not want to put the figures on the record again, because I have already done so. An enormous amount of money is taken in in a year; and the amount becomes very large when it is taken for the number of years the provision has been operating.

Mr. JOHNSTON: The prices committee intends to investigate condemnation insurance.

Mr. BRYCE: I assure the hon. member I am delighted to hear that.

Mr. KNOWLES: What can you do about it?

Mr. BRYCE: May I reaffirm my previous request to the minister that he consider the advisability of appointing a board of livestock commissioners in Canada for the purpose of regulating, controlling, assembling, transporting, grading, marketing and exporting livestock and livestock products.

I have gone into the matter of a board of livestock commissioners very fully on past occasions when I have spoken in the house, and I do not think it is necessary now for me to repeat my remarks to the minister, since

this subject has been before him and has been dealt with by him on different occasions.

In an earlier debate when I advocated the establishment of a board of livestock commissioners, I compared it with the board of grain commissioners. I had in mind the splendid record which the board of grain commissioners has made since its establishment in 1912. Farmers have long been convinced that a similar board to set up and maintain standards and to encourage a steady improvement in quality both of products and of stock would be of tremendous value to Canadian agriculture.

If our bacon and other livestock products are to compete successfully in major export markets, no effort can be spared to ensure that there shall be no deviation from strict standards of quality. The minister did say at that time it was the opinion of people, who should know, that the board of grain commissioners is ultra vires of parliament, and that the board exists only because of the service it renders to the farmers of western Canada.

Being a farmer, not a lawyer, I cannot discuss the legal aspects, but I know that for thirty-three years the board of grain commissioners have given satisfaction to farmers who were very much dissatisfied before the act was passed setting up that board. I am sure that there are ways and means of making a board of livestock commissioners a reality, and to satisfy the continuous requests of livestock producers for such a board.

The whole argument in my opinion simmers down to this, that in order to instil confidence among growers of grain, the government felt it necessary some years ago to set up a board of grain commissioners.

Hon. members will agree with me that such action has worked out most satisfactorily. The very same argument applies in connection with livestock, to an even greater degree, inasmuch as grain is a non-perishable product, and samples can be retained to a much greater degree than is the case with livestock products.

There is the additional argument, of course, that in respect of grain the grading which the farmer receives is carried right through to the consumer or miller, with the same standards prevailing. In the case of livestock, the grading does not carry through. The very fact that there is one set of specifications covering the grade of hog carcasses on which the farmer receives his settlement, another set of specifications covering the grade of Wiltshire sides from the packer to the meat board for export, and another set of specifications covering the product sold by the meat board to the British ministry of food, calls for a neutral board's supervision.

In the case of the pork going into domestic consumption, the packer is allowed to wrap almost anything in the wrappers commonly accepted by the consumers as top grade. As far as I know, the government accepts no control over the latter handling. I know the minister will argue that his department has exercised some control over the portion going into export, but certainly they do not touch anything going into domestic trade, any more than from a sanitary point of view.

Should the board be set up in the near future, I would suggest further that farmer representation on such a livestock board should be the strongest available. It is no place for political appointments. The greatest interest in the livestock industry is the interest of the men and women who produce the livestock; and it is a matter of prime importance that they be fully and adequately represented on such a board.

When the minister speaks later I would ask him to deal with the research his department has done into the causes of reductions in prices of different commodities which are subject to slumps, and I would ask him to tell us upon what the figures are based. I refer to the operations of the prices support board. Money is there made available, if prices become too low. Perhaps the minister would tell us something about this phase of the matter. I believe some observations from him would give the farmers a sense of security, when they know that they can keep on producing and that they will be looked after, so that they will not be subject to heavy loss after producing hogs or cattle.

I shall have some questions later on but, with that exception, I have nothing to add at the present time.

Mr. DROPE: Most of the discussion today has been from members from western Canada, and it has been most interesting to hear them express their points of view. I should think it would be wise, however, if the committee were to hear something from the two great provinces in central Canada.

Our problems are not exactly the same as they are in the west. Our system of farming is different. We farm 12 months of the year in Ontario, and also, I believe, in Quebec. We have heard something about the troubles of beef cattle and hog producers, and I want to tell the minister that the farmers in our part of the country would like to send cattle to the United States. We raise some good cattle in Ontario.

There is another matter I should like to bring to the attention of the Minister of Agriculture. I refer to the dairying industry. We have heard a lot about butter these last few months, and we have now reached the time when production is catching up with consumption and we shall not need oleomargarine. However, we have to look a little farther ahead to see what will happen next winter.

Mr. JOHNSTON: Your party is bringing in oleomargarine.

Mr. ROSS (Souris): Where?

Mr. JOHNSTON: Just the other day.

Mr. DROPE: It is important that we have a dairying policy which will assure that the consumers will have butter next winter. That would probably be brought about if the government got out of the butter business or made it profitable for those producing butter to produce it. I believe it was about January 17 last when a ceiling was put on butter to protect the consumer. It was possibly thought wise to do that. If that was reasonable at that time, it is only reasonable, now that we are coming into production, that a floor price be put on for the protection of the producer. What that floor price would be is probably a matter of opinion.

The floor under the price for cheese is 30 cents, with probably a cent or two more for a quality bonus. Then in Ontario two cents more is given. On that basis it would seem that a floor of at least 60 cents a pound would be the absolute bottom that should be put on butter. Unless something along this line is done, we may be facing a shortage of butter next year. A lot of work is involved in looking after a herd of dairy cows and keeping them up; it takes a lot of equipment and long hours must be put in. All this should be taken into consideration.

Surely the butter producers are not to be left at the bottom of the list as they were throughout the whole war. During the time of national emergency they were willing to accept that in order that cheese might be sent to Great Britain to fulfil our contracts. That time is now past, and it seems to me that the 50,000,000 pounds of cheese which we are exporting should not control the whole dairying structure.

We do not know what the consumer in Canada is willing to pay for butter, but I see no good reason for continuing the ceiling price at the present time. The producers throughout the country feel that they are entitled to a floor price. We are into the production season now, probably a week or two later than normal, and it would make a great difference in our supply of butter next winter if the producers were assured now that a floor price would be put on. If a floor price is to be put on, or if the government is to stay in the butter business or get out of it, that should be made known immediately. It would be a good thing for the country if the minister could tell us tonight if there is a policy and what that policy is.

Mr. STUART (Charlotte): Mr. Chairman, perhaps there are sufficient members here to carry on an agricultural debate. Listening to the debate the other night and the remark made tonight by the hon. member for Calgary East has made me wonder if I have the right information regarding income tax and if some hon. members opposite have the wrong view. During the discussion the other night the hon. member for Souris and one or two others asked to be assured by the Minister of National Revenue that it was not necessary for farmers to make out income tax reports this year. That point was emphasized.

In my constituency a number of fishermen are in the same category as farmers, and I want to tell the committee that I have advised each and every fisherman to be sure and make out an income tax form, particularly if he did not have a taxable income.

Mr. ROSS (Souris): I know the hon. member wants to be fair, but he is leaving the impression that I wanted to be sure that the farmer did not have to make out an income tax form.

Mr. STUART (Charlotte): I am being fair.

Mr. ROSS (Souris): I quoted the heading and I asked the minister whether the man was supposed to make out an income tax form. I have advised every farmer in my riding to make out a return whether he had a taxable income or not.

Mr. STUART (Charlotte): I might have misunderstood the hon. member, but several asked the Minister of National Revenue if it was necessary. Either I have the wrong information or others have. The explanation given me is that the farmer or fisherman must make out an income tax return, whether he has a taxable income or not, if he wishes to average his income over a number of years. If he has not a taxable income this year and does not make out a return, if he has not a taxable income in 1949 and does not make out a return, should he make $10,000 or $15,000 in 1950 he would not be able to go back and average his income. He must make out a return every year to be able to do that.

I do not bring up this matter in order to criticize anyone; I simply thought that some hon. members may have the wrong impression. Unless a return is made out each year, the man making $10,000 or $15,000 in 1950 would have to pay an income tax on the full amount.

Mr. ROSS (Souris): Just to get back again to this meat business, if I understood the Minister of Agriculture correctly this afternoon he stated that hog prices in Canada today are considerably higher than in any other country.

Mr. GARDINER: I did not say "considerably", I said "higher".

Mr. ROSS (Souris): During the dinner recess I looked up a pamphlet put out by the minister's department, the "Live Stock Review" of April 29, which is the last one we have. It states that the average livestock prices at Chicago for the week ending April 17, 1948, showed hogs, $22.37. I think that is for live weight. The same pamphlet shows the price of hogs at Winnipeg as $27.50. If it is a choice hog it will dress 80 per cent. I think that is a pretty fair average.

Mr. GARDINER: The premium goes on top of that.

Mr. ROSS (Souris): Yes, there is a premium on top of that. It brings it to approximately twenty-two cents. I am not going to quibble about fractions. It would bring the price of hogs in Chicago and Winnipeg to an almost identical figure, even with the premium, because there is so little difference I will not argue about it. That is the point I wanted to make clear.

Mr. GARDINER: To keep the record straight for those who read it afterwards, may I say there is still the duty and the freight to pay to get it to Chicago or Minneapolis.

Mr. ROSS (Souris): Certainly, but I am talking about the difference between the price on the two markets, because the producers in Canada also pay the freight to the yards. The point I am making is the net price to the Canadian farmer who markets his hogs in the yard in Winnipeg as compared with the United States producer who markets his hogs in Chicago.

Mr. GARDINER: To be exact, my statement this afternoon was intended to convey the idea that there was no other market where you could market your hogs and get as good a return as you could when you marketed them in Canada.

Mr. ROSS (Souris): At any rate, I wanted to put these figures on the record from the minister's own department. I have put them on for hogs, and I shall now put them on for cattle. The average was 28·38 cents in Chicago and eighteen cents in Winnipeg during that week. There is a difference of ten cents and a fraction there. Then again, if you want to go back to the United States shipping point there would have to be a cent and a half duty and whatever the freight happens to be there, but it still leaves quite a difference.

What I wanted to do was to support what the hon. member for Calgary East said to the minister this afternoon when he finished making his statement about the quantities of meat in storage in Canada and the prices. I consider it important, in view of the statements that have been published in the press in the last few days as the opinion of his colleague, the Minister of National Health and Welfare, the chairman of the prices committee. The statements that he has been making about the meat in storage in Canada and the prices have been disconcerting to the livestock producers of Canada. Probably the Minister of National Health and Welfare has not realized how his statements may be taken; nevertheless he is a member of this government. Therefore I hope that the minister will make the statement before that committee as to meat in storage in Canada and the prices that he gave here this afternoon. If he did that it would be helpful and encouraging also to the producers of livestock throughout this country, because the two statements made by the ministers in the last few days are at variance. I hope the minister will see either that his statement is made clear, personally through himself, or that his statement is made available to the prices committee in order to clear up that serious misunderstanding at this particular time.

There is another point I should like to mention. I do not want to get mixed up in the tractor issue that took place this afternoon, but I happen to have *Hansard* of May 21, 1941. This is what the minister said, as reported at page 3028:

> A number of hon. members from that corner have referred to my opinion as to the use of horses or gasoline in farming. I should like to say that I have a farm in western Canada and I have never had a tractor.

That is the point he was making this afternoon. Later on, he said:

> If I were dependent upon my farm for a living, as I have been at times, I certainly would not use a tractor.

I will admit that that exchange took place many years ago, and the whole situation has changed, but to keep the record straight I just wished to refer to that.

If the hon. member for Charlotte would take the trouble to read the Winnipeg

Tribune of May 5 he would have an enlightened picture of the most recent income tax returns filed by the farmers of the various provinces across Canada and the amounts paid by those farmers. They are about the last figures obtainable from the Department of National Revenue. The figures are interesting. If anybody is concerned about the number of farmers who have filed income tax returns by provinces and the amount of money they have paid per capita agricultural income by provinces he can get the information in that paper. I agree with what the hon. member was trying to get at a few moments ago. There has been a lot of confusion as to whether these farmers should or should not file a return if they were not liable for tax. I am sure that no hon. member in any group here would advise a farmer not to file a return if he should be liable at all. I have gone the other way, as I am sure other hon. members would do, and advised them that they should make a return and be on the safe side. I think they should do that. The point that I wanted to make was whether the heading on the form was a part of the law or just put there by some officials in the department in order that every farmer should file a return. I am not too clear on the matter yet, even after the answers I have received from the minister.

Mr. STUART (Charlotte): The point I wanted to impress upon the hon. member was that a farmer should be most careful about making out an income tax in the year in which he has no taxable income.

Mr. CHARLTON: In view of the figures the minister put on the record this afternoon, I think it would be only fair that the figures for the intervening years should also be placed on the record. I do not know why the minister particularly chose the years he did because, as we all know, there was quite a hump in the intervening period between those years; that is, mainly 1944 and 1945. Production figures all across the board were very high, but now they are on the downward trend. The figures I am quoting with regard to livestock are taken from the Canada Year Book, 1947, page 351. This is the index number of animals on farms, and I think it is a very fair figure to use. I will not bother giving horses. Milk cows, 1939, stood at 97·4. I shall give each year in sequence. In 1940, the figures stood at 96·5; 1941, 95·9; 1942, 97·4; 1943, 100·4; 1944, 103·9; 1945, 105·8 and 1946, 103·5. The high year was 1945. Other cattle, the 1939 figure is 95·1. The high year was 1945, and the figure was 137. In 1946 the figure was 131·1.

[Mr. Gardiner.]

I now come to the total of all cattle. In 1939 the figure was 96·1. The high year was 1945 and the figure was 123·4. In 1946 the figure was 119·1. Sheep and lambs; the 1939 figure was 94·4. The high year was 1944, and the figure was 120·9. In 1946 it had dropped down to 109·6. Swine, in 1939 the figure was 110·8. The high year was 1943, and the figure was 206·9. The 1946 figure was 136·5.

I now come to egg production, which will be found at page 355 of the Canada Year Book, 1947. This figure is given in dozens of eggs, from 1941 to 1946. In 1941 the figure was 244,468,000 dozen. The high year was 1945; the figure was 373,952,000 dozen. In 1946 the figure had dropped to 346,841,000 dozen.

I now come to the total milk production. The 1942 figure was 17,448,590,000. The high year was 1945, with a production of 17,626,972,000 pounds. In 1946 it had dropped back to 16,937,028,000 pounds. To be fair, I believe the 1947 figure is a little higher, but the increase is small.

I now come to the figures for butter. The 1942 figure was 363,116,372 pounds. The high year was 1943 with a production of 367,116,476 pounds. In 1946 it had decreased to 325,591,000 pounds. The high year was 1943. There is an explanation for that. At that time the government asked that the farmers decrease their production of butter and increase the production of cheese. Therefore it was by government policy that that took place.

In cheese, the 1942 figure was 208,218,645. That was the high year, and in 1946 that figure had dropped to 148,060,000 pounds. There was a reason for that. It was government policy at that time to increase production of cheese and decrease production of butter, so as to supply the export market in Great Britain.

Now a word about hog production. As stated by the minister this afternoon, the production of hogs has probably increased in the first period of this year, but he expects it to decrease in September. I believe, as I have said before this session, that there was good reason for that decrease in the production of hogs, as there is good reason for the decrease in production of every farm product, as shown by these figures. One of the greatest reasons is the fear of the farmers across the country of what the price will be in the future. They do not know.

By order in council the price might be changed overnight, and it is the fear of that price change which is keeping the farmers from going ahead with production.

Another thing is income tax. For years the farmers have worked long hours, as we

all realize. Anyone who has worked on a farm knows it. The farmers are not satisfied to continue to work these long hours and then have the government tax them for the extra hours they put in. Labour in industry have done the same thing exactly. They refuse to work overtime when they are taxed highly for it, and you cannot blame them.

What is to be done? I do not know what the government figure on doing, but something will have to be done if they want to have production increased, because unfortunately it is going down and it will continue to go down as long as these two factors are predominant in the minds of farmers.

One suggestion I have made before and I should like to make it again. I refer to the extra time the farmer puts in. There is not a farmer in this country who does not want to bear his fair share of taxation. I am not suggesting that the farmers should not pay their fair share of income tax, but they are not allowed the exemptions which should be coming to them by reason of the fact that the farm is a family affair and not individual. So that, although the farmer's wife is now allowed pin money for her few hens, that is a mere drop in the bucket compared with the work she does on farms across the country.

I know the work my own mother has done, and I know the work many other women have done and are doing throughout the country, loading hay, taking the place of a man all summer and yet without recompense for that work. The return for the work is simply considered as one man's income. In many cases there may be, besides the wife, several children helping to earn on that farm, and there should be some means whereby that could be considered when the farmer makes out his income tax returns.

The minister said this afternoon that the price of hogs would be set in November or December this fall for next year. I say that is not good enough. If he expects production of hogs to go up it will take a long time for an increase in production if there is such a delay before the farmers know what price they will receive, because assuredly people will not go ahead and produce hogs now, with, as the only floor price in sight, that which they now have. As stated by the minister, the price for 1946 is the guaranteed price for 1949, which is $25. If the price of hogs did go down to $25 for next year, does the minister think he would get much production at that figure? That is the basis and the only basis on which the farmers can figure production now, because that is the only guarantee they have for 1949.

I made a suggestion before, and I make it again briefly, that the price of hogs should be set at least two years ahead, and that a minimum and a maximum price should be set at that time. At the present time the price of hogs is $36. There is no reason in the world why a floor of $30 and a ceiling of $35 should not be set for at least a year right now, or a year and a half, until the end of 1949. With a $5 spread in the price, it would leave the farmer with a $30 guarantee, and no one would worry much about that spread of $5. At the present time it is $11. The farmer would not worry particularly if he knew that he would get at least a floor of $30 for a two-year period, that price to be reviewed each year; a year ahead of production, instead of one month or two months, as the minister stated this afternoon, before the production period.

If the price is to be left until November or December this fall, we shall have trouble in getting production to the point where we can maintain the British bacon market, and I strongly urge that consideration be given, in the minister's price policy for hogs, to obtaining that minimum and maximum price as I suggest. I do not offer those figures absolutely. I give them simply as an example, suggesting that there might be a spread of $5 between the low and the high, and that figure be set for two years and reviewed each year.

Mr. FAIR: I think I should say a few words, because a number of figures have been put on the record today which might lead people who do not know better to believe that farmers are making a lot of money. That statement has been made for a number of years, and there are still people who believe that the farmers are making more than many other occupational groups. The statement is certainly not correct.

A couple of weeks ago I put some questions on the order paper to find out from the government records just what the position is. I asked for information with respect to the number of farmers operating farms in each province during the years from 1930 to 1947 inclusive, and also during the same period the net farm income in each province each year.

I did this so that we should have figures dealing with the poor years and with some of the better years. Unfortunately we have not been able to get figures for the period 1930 to 1937 inclusive, but we have been able to get figures for the better years from 1938 to 1947 inclusive.

As an indication of the condition of agriculture during the depression years, what many people call the hungry thirties, I have in mind a figure given from government sources some time ago of one year which I believe was one of the poorest, 1932. The average net income per farm in Canada for that year was $198. It has been pointed out by the hon. member who has just taken his seat that that is not the income for just one individual because, as he rightly pointed out, the farmer's wife and family and hired help must get a share of that net income.

In making this calculation I have not been able to get an accurate statement, because 1931 and 1941 are the only years for which the government has been able to give the number of occupied farms. In 1931 the number of occupied farms was 728,623, and in 1941, 732,832. For my purpose I felt that an approximate figure could be obtained by taking, as an average, 730,000 occupied farms, and taking that figure I find that for the year 1938 the average net income for the farmers of Canada was $530; for 1939, $664; 1940, $725; 1941, $818; 1942, $1,513; 1943, $1,356; 1944, $1,680; 1945, $1,343; 1946, $1,590; and for 1947, the highest average of all, $1,725.

For the ten-year period that gives us a net income for each farmer in Canada of $1,194. This may be of interest to some who have not had an opportunity to get figures on farm income. But again I point out that that is the net income for the farmer, his wife and family and hired help, because they all work on the farm. I might also point out that the average farmer in Canada works not less than twelve hours a day, and in the harvest and threshing seasons, particularly in the prairie provinces, we have to work sixteen or seventeen hours a day. You might compare that with the forty-four hours a week enjoyed by many industrial workers and the forty-hour week enjoyed by other industrial workers. You might compare it also with what many people are aiming at today, the five-day working week. The farmer has no five-day or six-day week; he works seven days a week, and by working long hours of overtime it may run up to nine or ten days in a week. If the committee is willing I should like to place this table on *Hansard*. It is a return which was tabled only yesterday and gives the number of farmers in each province all across Canada in 1931 and 1941, and gives also the net income of the farming population in each province all across the dominion.

The DEPUTY CHAIRMAN: Has the hon. member permission to place the table on *Hansard*?

Some hon. MEMBERS: Agreed.

Mr. FAIR: I thank you, Mr. Chairman and members. The table is as follows:

1.—NUMBER OF OCCUPIED FARMS, 1931-1946

(Census of Agriculture)

—	1931	1936	1941	1946(1)
Canada(2)	728,623	.....	732,832	
Prince Edward Island	12,865	.....	12,230	
Nova Scotia	39,444	.....	32,977	
New Brunswick	34,025	.....	31,889	
Quebec	135,957	.....	154,669	
Ontario	192,174	.....	178,204	
Manitoba	54,199	57,774	58,024	54,448
Saskatchewan	136,472	142,391	138,713	125,612
Alberta	97,408	100,358	99,732	89,541
British Columbia	26,079	.....	26,394	
Yukon Territory	41	.....	26	

(1) Preliminary figures.
(2) Exclusive of the Yukon Territory.

2.—NET INCOME OF FARM OPERATORS FROM FARMING OPERATIONS, 1938-1947

(Thousand dollars)

Province	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947
Prince Edward Island	3,275	4,169	4,627	5,282	8,734	10,340	9,174	10,737	10,414	11,061
Nova Scotia	13,594	9,507	12,054	10,223	12,519	19,384	17,471	15,656	23,038	18,877
New Brunswick	7,337	8,631	11,259	13,141	20,471	26,888	25,432	24,504	27,098	28,222
Quebec	69,484	81,935	96,218	111,378	142,058	174,473	179,177	176,998	210,937	211,183
Ontario	136,998	134,779	142,230	184,749	274,188	251,655	288,812	318,326	332,614	342,424
Manitoba	34,549	37,095	44,548	58,307	107,073	114,970	114,194	78,079	104,346	118,510
Saskatchewan	26,032	117,866	109,210	103,889	301,572	209,638	354,792	184,396	228,417	273,108
Alberta	80,825	76,580	94,396	87,737	208,965	141,570	196,824	121,664	170,441	203,342
British Columbia	14,964	13,929	14,804	22,407	28,789	41,148	40,973	50,671	53,450	52,984
CANADA	387,058	484,491	529,346	597,113	1,104,369	990,066	1,226,849	981,031	1,160,755	1,259,711
Average = 1,194.00.	530.00	664.00	725.00	818.00	1,513.00	1,356.00	1,680.00	1,343.00	1,590.00	1,725.00

I think that table will be found enlightening and help to explain why the farmers of Canada are not paying more income tax than they are at the present time. I might point out that, in view of the losses the farmers suffered during the period from 1930 to 1941 particularly, some system should be worked out whereby they can make up some of their losses during that period when it comes to paying income tax, especially when it is remembered that the farmers received much less for their production during the war years than they could have if another system had been in effect. I am not going to say any more at this time, but I felt that these figures should be placed on the record to head off some false impressions that might have been given by other figures placed on the record during this discussion.

Mr. BARRETT: I understood the minister to say that certain classes of cattle were selling in the United States for twenty-two cents a pound and that comparable classes of cattle were selling in Canada for sixteen cents a pound, or a difference of six cents a pound between the two countries. During the dinner recess I looked up the market reports to verify the minister's figures. I could not find today's or yesterday's paper, but I got Wednesday's paper and I should like to quote Wednesday, and then ask the minister to explain the figures he gave this afternoon. On the Toronto stock market weighty steers brought $17 to $18.50; butcher steers sold for $16.50 to $18.50, heifers, $17.50, and fed yearlings, $16.75 to $19. Butcher cows sold at from $11 to $16.

On the Chicago market Colorado fed steers brought $31.75; good and choice yearlings, $28 to $31; good and choice heifers, $27 to $31; beef cows, $19.50 to $24; sausage bulls, $24.50. The last figure is not very clear, and it may be $21.50. I cannot see any prices quoted to support the figure the minister gave of twenty-two cents on the United States market as compared with sixteen cents for the same class of cattle on the Canadian market.

Mr. GARDINER: The statement which I gave this afternoon was a quotation from a report of the prices committee. They took evidence from Mr. George Ross, who is quite a large operator, with a ranch in Alberta, and who, until recently, operated a ranch in Montana. He is therefore familiar with prices on both sides of the line. He gave evidence to the effect that you cannot make a comparison between any Canadian-fed cattle and corn-fed cattle on the Chicago market, that we have not comparable cattle being delivered on this side of the line. But he said that the grass-fed cattle off the ranch in Montana were comparable with the grass fed cattle in Alberta. There can be no question about that because there is only an imaginary line between Montana and Alberta. He said that that type of cattle sold on the United States market when he was before the com-

mittee about two weeks ago, at twenty-two cents a pound, and that the same grade of cattle on the Canadian market brought sixteen cents. I know that if you take the newspaper reports for cattle prices in the United States and Canada, unless you are familiar with the types of cattle that go on the United States market and the market here, it is difficult to make a comparison in prices. But this man is an expert on ranch cattle, and he said that was the comparison in prices brought by Montana and Alberta cattle.

Mr. BARRETT: Does he call grass-fed cattle those cattle coming off the ranches now?

Mr. GARDINER: I am not going to try to tell the hon. member what he was talking about, but he was giving evidence before the committee, and I think some members of this committee were present when he was giving his evidence and will bear out that that was the evidence he gave. I am not going to discuss what he may have had in mind, or anything like that. Everyone who knows George Ross knows he understands cattle and has probably sold more cattle on the United States market than most Canadians. He has had a ranch on both sides of the line, and I would take his word in regard to prices of cattle, particularly in view of the fact that he has been one of the chief advocates of getting cattle back into the United States market ever since that market was lost.

Mr. BARRETT: I would say these figures market reports in the newspapers today. are certainly misleading, according to the

Mrs. STRUM: Before this item carries, I wish to say something about what has happened to the farmer in the last year, and I hope the minister will see that it does not happen again. In the last couple of weeks I have tried to understand the minister's point of view and the workings of his department; and I want to take this opportunity to compliment the minister on the efficiency of his department. I do not think any other department of this government is so well organized or equipped to give such service as the Department of Agriculture. I found that I could trace through the acreage of every crop, the production figures, the income tax paid by farmers, the marketing and practically everything but the policy of the government. I have bales of stuff. It was a fascinating experience; in fact I think the minister's performance is always fascinating.

But while I understand his department a great deal better, I must confess that I still do not understand the minister. Today we have an almost unlimited demand for everything we can grow; we have good prices; yet I am afraid that we have done a great deal to discourage production and to make it hard for farmers to remain in the business and produce the animal products necessary for our export market. I am going back to 1946, when a conference was held in Ottawa on December 3, 4, 5 and 6, attended by the deputy ministers of all the provinces, representatives of the federal Department of Agriculture, officials of the United Kingdom and the United States and representatives of the Canadian Federation of Agriculture, representing the industry all across Canada. There were the representatives of agriculture, there were the representatives of all governments in Canada; there were the representatives of our potential market, representatives of the United States and the United Kingdom.

Evidently they had an excellent conference, and I agree with all their findings. I think they said some useful and sensible things, and I believe their conclusions were valid. I only wish the minister had been permitted to carry out the decisions of that conference. I believe his next job must be to organize the government so that it will have a little understanding of the needs of agriculture, because I am sure, if the minister had been permitted to carry out the decisions of that conference, agriculture today would not be resenting the things that happened last year, and would not be wondering how to plan for the coming year, and the year after that.

For instance, this conference decided that there was a great need for animal products, and that their production depended upon feed. They recognized the relationship between the price of wheat and the price of barley, and that if that relationship were upset people would divert their land to the growing of wheat and would deprive the country of its feed supply. They saw that if the price of barley went too high the feeder in the east could not afford to buy it; and they saw also that if it went too high in the west the farmer would sell his pigs and market his barley. Therefore they said the thing to do was to stabilize the farmer's costs by giving him an acreage bonus, which would help give him the cost of production but would keep down the price of feed to the eastern farmer and maintain this flow of barley so that we could maintain our over-all production. They said, too—and I think this is extremely important—that the future of Canadian agriculture on the British market depends upon our living up to the present contracts.

That is so true. As long as I can remember anything, I can remember my father, who was

active in farmers' organizations, worrying about how we could get the British market away from the Danish producers. The Canadian farmer has always hoped that some day we shall have a chance to compete with Denmark in the field of bacon. Here we had a marvellous opportunity to keep what we had obtained because the world was hungry. So all those attending that conference agreed on this very good program.

Then the Canadian Federation of Agriculture met and drew up their production in line with the decisions of that conference. Their objective, too, was to bring about an increase in hog production; and it was recognized that these relationships would have to be maintained. They recommended the $5 per acre bonus, that the 15-cent barley equalization payment be discontinued, that any increase in the price of barley would be prejudicial to an increase in hog production, and so on.

We all remember that last year at about this time there were severe floods in the east. This year the floods are in the west, but last year it was the east. Hon. members will remember, as I remember so well, that the farmers of Ontario were almost going crazy at that time wondering whether or not they would get in their crops, and many of them never did. So the federation of agriculture had a meeting on June 12 to draw to the attention of the Minister of Agriculture the critical feed situation resulting from these weather conditions. Here are the things they recommended when their delegation came to see the minister at that time. They recommended that the present price structure on feed grains be continued until at least July 1, 1948; that plans be made as early as possible for the movement of the normal supply of feed grains into eastern Canada and British Columbia; that, in view of the emergency in eastern Canada, special measures be instituted to move the necessary additional supplies of feed grain from the west to the east before freeze-up; and they also warned the minister that, unless extraordinary measures such as these were taken, the Canadian consumer would suffer shortages of some farm products and face the danger of high prices in connection with other products, and further that Canada would fall down badly on her export commitments.

The minister replied to the federation of agriculture and assured the delegation that a close watch was being kept on the situation; that measures would be considered to ensure the transportation of as much feed grain as could be obtained from the west, and that, with respect to the price and drawback situation, the minister would discuss the matter with his colleagues in the cabinet.

In reply the delegation emphasized that livestock feeders faced not only a shortage of feed but increased costs of production on two scores; and these were the factors entering into those increased costs of production. They said that, because of the late and depleted sowing program, they would have to buy extra supplies of feed, and that cancellation of the drawbacks would substantially increase the price of coarse grains.

To come further into this disastrous year for agriculture, in the fall the packer's strike developed and, as I have said before in this house, those of us in the west who were planning to ship livestock found that we had no cars. We find that, while the packers had meat for sale all the time the strike was on, they ceased taking deliveries; so our livestock could not be shipped. Finally, when the strike was settled livestock yards were glutted; at every little shipping point stockyards were full of stock and people were waiting for cars to move the cattle out.

But this was a harvest for the packing plants of the country, because this glutted condition permitted them to get their meat for less, and they were able to fill up their empty abattoirs with comparatively cheap meat. Then the government took the ceiling off coarse grains, with the result that immediately the meat people said, "The cost of feed has gone up; so, of course, meat is up"; and the consumer immediately began to pay higher prices.

What happened then? The federation of agriculture again spoke for the farmers. In their newsletter of November 7, 1947, they quote the president, Mr. Hannam, as follows:

> "Nothing that has happened in Canadian agriculture in many years has stirred the farmers throughout the dominion to such resentment."

After pointing out the heavy increase in feed costs resulting from the action of the government in cancelling ceilings and subsidies, he continued:

> "Furthermore the government's action has cut the feet out from under the best livestock program we ever had in Canada, which not only achieved the greatest production of livestock, dairy and poultry products in our history, but what is more important, established some degree of stability in the whole agricultural program, offering hope for some permanency for this stability in the future.
>
> "That program has been tossed out of the window, with the marketing of oats and barley thrown back into the field of gambling on the grain exchange, and feeders of livestock not knowing where they are at in the cost of these grains."

At that time I remember that when we came back last fall it was insinuated in the house

that the western farmers had withheld their deliveries of grain, expecting this action on the part of the government. However, the federation of agriculture contradicts that statement, and I am glad it did because the western farmer was not guilty of that action. This is what the federation of agriculture, which speaks for all Canada, had to say on that point:

Prior to, and following the announcement of the dominion government of the removal of the ceiling prices and subsidies on oats and barley, charges were made in certain quarters that farmers in the western provinces were deliberately holding back delivery of oats and barley in the expectation of the removal of the ceilings and consequent higher prices for these grains.

Figures for farmers' marketings of these grains since August 1 completely refute these charges. These figures show, according to the dominion government report of October 23, that:

A total of 25,922,000 bushels of oats had been delivered to market by farmers, compared with 29,771,000 bushels in the same period of last year, and a total of 31,906,000 bushels of barley had been taken to market by farmers this year compared with only 29,196,000 bushels in the same period of last year.

An hon. MEMBER: Hear, hear.

Mrs. STRUM: I appreciate very much the applause.

It appears, therefore, that in 1947 the farmers had marketed slightly more barley—not less—than they had the year before. There was no evidence at all to suggest that western farmers were holding out on those in the east who needed grain.

Again in December the federation of agriculture spoke. I suggest that the minister should heed the voice of organized agriculture. This is what the president of the federation of agriculture suggests:

The question we have to decide in agriculture now is whether or not we are going to have a stabilization program for agriculture, or whether we shall throw our industry upon the uncertainties of a free market.

And in closing, he said:

I have never known a time when all livestock farmers, including dairy and poultry producers were so upset, discouraged and bewildered.

What effect did this have upon our deliveries? I think we should ask this question: Were we able to live up to the contracts we signed with the United Kingdom? As I said earlier, the conference called in December pointed out that the future of Canadian agriculture depends upon our living up to our contracts. To what extent did we live up to the contracts we had agreed to honour?

On December 11 a return was tabled, showing our commitments. In bacon and hams our contract called for 350,000,000 pounds, and up to November we had delivered 168,000,000 pounds. It was estimated that we would have an additional 81,000,000 pounds, or a total of 250,000,000 pounds. So that in bacon and hams we were 100,000,000 pounds short.

On our beef agreement we had contracted for 120,000,000 pounds. It was estimated that we would be able to deliver about 36,000,000 pounds, or very little more than a quarter of what we had promised to deliver.

In respect of cheese we had promised 125,000,000 pounds, and it was estimated that we would be able to deliver 57,000,000 pounds, or a little more than a third.

The only contracts we met were those of evaporated milk, dried skim milk powder, and eggs. I believe that is a pretty good appraisal of what happened to agriculture last year. That is not information we can afford to ignore, as a nation. And this afternoon when someone suggested—I believe it was the minister—that our deliveries of hogs had exceeded our anticipated deliveries, and someone else suggested that probably breeding stock was going on the market, I think they were right.

In that part of the country from which I come I know people are saying that there is no use staying in pigs. They believe this is a time to sell their breeding stock and their barley. I plead with the Minister of Agriculture to give us some stability, not only in contracts that we are to fill, but stability in the price of feed. We have already passed a bill which would have brought oats and barley under the control of the Minister of Trade and Commerce, but I am afraid it is too late now to get complementary legislation in the legislatures. Saskatchewan is the only province where such legislation has been passed. We are still waiting on Alberta and Manitoba, and I doubt very much if it will come into effect next year.

How can the farmer in the east or the west plan his production? How can we meet our commitments unless we have a long-term plan and stability?

The conference which met in December of 1946 had this to say:

Individually, it was difficult for the farm industry to assemble food products in volume and provide continuity of supply of standard quality. Bulk purchase of imports by the government would continue in the United Kingdom and some other countries for some time at least, and it was felt that a central authority in Canada could best deal with the government of another country.

It suggests that it was only by an integrated agricultural program developed for the whole of Canada, and based broadly on greater production of feeding grains in the west to supply the needs of livestock producers

throughout Canada, and particularly in the eastern provinces, that progress could be made.

That is the whole picture. It shows a necessity for integration, for stability and for planning; and that for more than a month or two months or a year.

I do not need to tell the minister anything about agriculture, because no one knows more about it than he, but I would remind him that you cannot sell your breeding stock and then get back into business next year. It takes years to build up a herd of cattle, and you must make an investment in buildings, equipment, plant, land and machinery. You cannot be in this year and out next year, because your cost of production goes on in the form of interest, taxes and maintaining yourself on the farm.

I plead with the minister to work on the cabinet and try to get them to have the wheat board give us a fixed price or to establish a proper relationship between feed and prices based on contracts made with governments through our government, which is the proper mechanism to use. As individual producers we are helpless, we are defeated, we are absolutely impotent. Government is the instrument that civilization has developed to serve the needs of the community, and there is no reason why we should not use it.

I commend the minister for this kind of conference, for this kind of program and for the work of his department, and I hope that he will use it as we know he can if he can get the co-operation of his party.

Mr. DROPE: I asked the minister one or two questions, but he has not had a chance to answer them. One was in connection with dairy products and butter, particularly as to a floor price.

Mr. GARDINER: There has been some discussion of the possibility of having a floor price under butter this year. The dairy association of Canada met me some two or three weeks ago and made certain proposals, and the advisory committee on food which meets periodically met since that time and also made certain representations. I have the matter under consideration at the moment and intend to make some representations to the government with regard to it, but up to the present I have not had an opportunity of doing so and therefore cannot give any further information at the moment.

Mr. TOWNLEY-SMITH: Mr. Chairman, will you be good enough to call it eleven o'clock?

Mr. GARDINER: I should like to make a suggestion which may not meet with the approval of the hon. member. I do not know with what subject he is going to deal, but we have had a rather general discussion. I think on many occasions I could have raised a point of order, but the discussion was allowed to go on for two full sittings. That is a pretty good general discussion. Could we not have the hon. gentleman's remarks on some item later on? Could we not have one item passed tonight just to get on?

Mr. TOWNLEY-SMITH: There may have been a general discussion, but I have not had an opportunity of taking part in it. I should like an opportunity to do so and I ask you, Mr. Chairman, to call it eleven o'clock.

An hon. MEMBER: Go ahead.

Mr. GARDINER: If the hon. member has a speech of some length to make and he feels he cannot make it on any other item, perhaps we should call it eleven o'clock.

Mr. TOWNLEY-SMITH: I would rather not make it now. Will you call it eleven o'clock, Mr. Chairman?

Mr. McLURE: Could the minister not leave this over? I have been sitting here all day waiting for an opportunity to speak.

Mr. GARDINER: It is being left over.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): On Monday we intend to take up the resolution concerning housing in the name of the Minister of Reconstruction and Supply. The next item will be in committee of the whole on Bill No. 211, to amend the Royal Canadian Mounted Police Act. Then the second reading of Bill No. 214, to amend the Prisons and Reformatories Act. Then resuming the debate on the motion for the second reading of Bill No. 209, to amend the National Parks Act. Then we shall ask to revert to government notices of motion in order to take up the resolution standing in the name of the Secretary of State for External Affairs. Then we shall move to go into committee of supply to call two new items and then proceed with the estimates of the Minister of Agriculture. If we complete those, we shall take up transport.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, May 10, 1948

The house met at three o'clock.

PRIVILEGE

HOCKEY—WINNING OF ALLAN CUP BY EDMONTON FLYERS

Mr. J. M. DECHENE (Athabaska): Mr. Speaker, I rise to a question of privilege. I know, sir, that at times you have granted the privilege to some other members on matters similar to that which I wish to bring up, and I am sure that hon. members will bear with me, especially in view of the fact that it is non-contentious.

The matter I wish to bring to the attention of the house, and of the people as well, carries a lesson which I hope we shall all take to heart. Last Saturday, sir, in the city of Calgary, in the province of Alberta, the Edmonton Flyers, representing the great city of Edmonton, won the senior championship in hockey, our national game, with the result that the Allan cup now rests in Edmonton. The lesson I wish to convey is this. Forty years ago, which is a long time in anyone's life, the young and ambitious city of Edmonton challenged for the Stanley cup and went to Montreal to play the Wanderers—and, by the way, they lost only by a goal or two.

The president of the Edmonton club in that year was none other than the genial member for Edmonton West (Mr. MacKinnon), who is still with us and has been a member of the cabinet for many years.

Only one more minute of your time do I wish to take up, Mr. Speaker. When we hear so much about things being "fixed," when there is so much suspicion cast around, I think it is well for our young people to learn the lesson of this game in Calgary on Saturday night. Two great teams faced each other when the series stood at three for Edmonton Flyers and one for Ottawa Senators. If Ottawa had won that game it would have meant that the teams would leave for Edmonton, where the largest gate in the history of Edmonton in a hockey game would have been assured, carrying a revenue of some $25,000. I heard the opinion expressed on the street that the Flyers would lose so that they would go back to Edmonton to play. Sir, they did not lose. They won the game in the last few minutes, putting everything they had into it. The club and the players lost $25,000, but they proved to the people of Canada that integrity, honesty and honour still exist in this country, and that they cannot be bought.

REFERENCE TO REMARKS OF MR. DIEFENBAKER IN DEBATE ON APRIL 12

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, I too rise to a question of privilege, but before I state the matter of that privilege I wish to tell you, sir, how glad I am, as I am sure we all are, to see our friend the member for Lake Centre (Mr. Diefenbaker), looking hale and hearty.

That being said, what I am about to state as a question of privilege affecting all members of parliament is that since April 12 there has been a curse upon us, upon all of us, that curse having been pronounced by the hon. member for Lake Centre. At page 2860 of *Hansard* the hon. member is reported to have said:

> Following Magna Carta, because of the inclination on the part of some people to depart from its principles, a curse was placed on all who departed from them.

He read the curse, but before doing so he said:

> According to the author I read, no king's minister,—

That is king with a small, not a capital, "k."

> —no cabinet minister, no adviser or person who departed from those principles would ever be able to remove himself from the curse that was pronounced, namely, that he would be driven out of power or restrained by the people.

I have a vague idea of what a curse is, but when I look in the dictionary—

Some hon. MEMBERS: Order.

Mr. POULIOT: —I see that it is synonymous with "malediction" and "anathema", and means to lay under a curse, to call down a curse from heaven upon someone.

Some hon. MEMBERS: Order.

Mr. POULIOT: Mr. Speaker, the matter is serious, and I would ask the hon. gentleman to be more precise. I do not believe there is such a curse, and I want him to tell us who uttered that curse, and what power of attorney he ever had to use it against anybody. That is important at a time when the

Minister of Finance is preparing his budget speech. How can he prepare a good budget speech with a curse on his head?

Mr. MacINNIS: It would be a poor budget speech anyway.

Mr. POULIOT: I hope the hon. gentleman will tell us what it is.

Mr. SPEAKER: I have the honour to inform the house that the Clerk has laid on the table the twenty-second report of the examiner of petitions for private bills.

Mr. POULIOT: Mr. Speaker, he did not answer. It was a papal curse, and he is not a monsignor to put it on us.

COMMITTEES OF THE HOUSE

VETERANS AFFAIRS—FIFTH REPORT

Fifth report of special committee on veterans affairs—Mr. Mutch.

EXTERNAL AFFAIRS—CONCURRENCE IN FIRST REPORT

Mr. J. A. BRADETTE (Cochrane) presented the first report of the standing committee on external affairs and moved that the report be concurred in.

Motion agreed to.

RAILWAYS, CANALS AND TELEGRAPH LINES—CHANGE IN PERSONNEL

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

That the name of Mr. Jaenicke be substituted for that of Mr. Bentley, and the name of Mr. Knight be substituted for that of Mr. McKay, on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

THE BUDGET

ANNOUNCEMENT OF PRESENTATION ON MAY 18

Hon. DOUGLAS ABBOTT (Minister of Finance): I think I should inform the house, Mr. Speaker, that I expect to bring down the budget a week from tomorrow, May 18, at eight o'clock in the evening.

HOUSE OF COMMONS DEBATES

ADVISABILITY OF CONTINUING PUBLICATION OF REVISED EDITION—MOTION FOR REFERENCE TO COMMITTEE

Hon. COLIN GIBSON (Secretary of State): I desire to move:

That the advisability of continuing the publication of the revised edition of debates and distribution of the unrevised edition of same be referred to the standing committee on debates.

[Mr. Pouliot.]

Mr. STANLEY KNOWLES (Winnipeg North Centre): Is the Secretary of State not going to explain what is involved in this motion?

Mr. GIBSON (Hamilton West): It has been brought to my attention that the practice of printing the revised edition of debates is an expensive operation both in time and in money. For the last year for which we have the complete figures—that is the edition of 1944—it required over 4,000 hours of work on the linotype machines, nearly 9,000 hours of hand work, and over 1,500 hours of press work, all of which could have been utilized to better advantage and at the same time provide a saving of time and space. On account of *Hansard* having to be reprinted for the revised edition, it is necessary each session to keep standing about 16,000 pages of type, involving some 88 tons of metal. That occupies a large section of the printing bureau's space which is required for other purposes. The printing of the revised edition of *Hansard* of 1944, which comprised 510 sets of volumes in English and in French, cost approximately $75 a set. With the increase in wages and in printing costs since 1944, it is estimated that the total cost will run to something about $46,000. I understand that revised editions of debates are not produced in Washington, London or France. It is proposed that the committee give consideration to doing away with the revised edition here, thereby making a considerable saving of expense.

Mr. COLDWELL: May I ask a question of the Secretary of State? Do I understand that a bound edition will be published, on better paper than that on which *Hansard* is printed? The daily *Hansard* will be bound and will be available as a permanent record of parliament; is that the idea?

Mr. GIBSON (Hamilton West): That will be considered by the committee. I understand that if the daily edition is to be bound, it will be available to members within two or three months after the house prorogues, rather than about a year later as is the case with the revised edition at the present time.

Mr. KNOWLES: May I make a suggestion to the Secretary of State? First of all I think there is merit in the proposal to refer to the standing committee on debates the matters covered by this motion. I would point out, however, that it is a number of years since the debates committee last met, and it is possible that there are a number of other matters which the committee might like to discuss.

When committees meet we find sometimes that we are prevented, by the limitations imposed by the terms of reference, from considering matters in which members may be interested. Actually this motion is rather broad, but I should like to ask the Secretary of State if he would consider having added after the word "same" in the last line some such words as "and any other matters relating to the debates". The purpose would be to give freedom to the committee, under the chairmanship of the hon. member for Temiscouata (Mr. Pouliot), to discuss other matters without the bother of having to come back to the house. The Secretary of State may feel that the terms of reference are wide enough. If he would give the assurance that so far as he is concerned other matters could be discussed, that would be satisfactory. When we get into committee we are governed by the rules, but I am sure it would help if we had some understanding that, when the committee meets, there will be fairly wide latitude for the discussion of matters relating to debates, which after all is the purpose of the committee.

Mr. GIBSON (Hamilton West): I would not be prepared to extend the reference to the committee. I understand that if the committee itself feels too much restricted in its powers, it can always apply to the house to have those powers extended.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 249, for the relief of Mathilda Welter Jackson.—Mr. Maybank.

Bill No. 250, for the relief of Joseph Thomson Mowat.—Mr. Maybank.

Bill No. 251, for the relief of Mary Hrychuck Fleury.—Mr. Maybank.

Bill No. 252, for the relief of Anna Kathleen Burnie Beebe.—Mr. Maybank.

Bill No. 253, for the relief of Jenny Muriel Pressley Scott.—Mr. Maybank.

Bill No. 254, for the relief of Mary Pappas Gigantes, otherwise known as Marie Papadatos Gigantes.—Mr. Maybank.

Bill No. 255, for the relief of Gilbert Brinton Campbell.—Mr. Maybank.

Bill No. 256, for the relief of Helen McGregor Hanley.—Mr. Maybank.

Bill No. 257, for the relief of Yudit Mary de Bartok Richardson.—Mr. Maybank.

Bill No. 258, for the relief of Abraham Schechter.—Mr. Maybank.

Bill No. 259, for the relief of Caroline Alice Woods Mayhew.—Mr. Maybank.

Bill No. 260, for the relief of Giana Stephen Cantlie Lyman.—Mr. Maybank.

Bill No. 261, for the relief of James Gustov Reed.—Mr. Maybank.

Bill No. 262, for the relief of Elizabeth Ruth Maitland Harley.—Mr. Maybank.

Bill No. 263, for the relief of Daisy Elizabeth May Fishlock Wallis.—Mr. Maybank.

Bill No. 264, for the relief of Gertrude Agnes Dorothy Cunningham McLarnon.—Mr. Maybank.

Bill No. 265, for the relief of Jeannette Ore Paige.—Mr. Maybank.

Bill No. 266, for the relief of Reva James Nathanson.—Mr. Maybank.

Bill No. 267, for the relief of Gerald Roderick Bartlett.—Mr. Maybank.

Bill No. 268, for the relief of Dorothy Jardine Palmer Petrie.—Mr. Maybank.

Bill No. 269, for the relief of Nellie Maisie Wingham Carphin.—Mr. Maybank.

Bill No. 270, for the relief of Beatrice Gertrude Corbin Simand.—Mr. Maybank.

Bill No. 271, for the relief of Margaret McCallum Cameron Baird Brine.—Mr. Maybank.

Bill No. 272, for the relief of Leila May Willett Ascah.—Mr. Maybank.

Bill No. 273, for the relief of Joseph Ulric Stanislas Caron.—Mr. Maybank.

Bill No. 274, for the relief of Edith Elizabeth Walker.—Mr. Maybank.

Bill No. 275, for the relief of Yvonne Jeanne Leslie.—Mr. Maybank.

Bill No. 276, for the relief of Bertha (Brana) Hindes Ramer.—Mr. Croll.

Bill No. 277, for the relief of Ellen Gertrude Hinks Fairhurst.—Mr. Maybank.

Bill No. 278, for the relief of Shirley Marder Berman.—Mr. Maybank.

Bill No. 279, for the relief of Vera Maud Thayer Gunn.—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WARTIME HOUSING—SASKATCHEWAN

Mr. McKAY:

1. How many houses (a) have been constructed; (b) are under construction in Saskatchewan by Wartime Housing Corporation?

2. What has been the cost to the government for each of the following types of houses: (a) 4-room; (b) 5-room; (c) 6-room?

Mr. McILRAITH:

1. (a) The total number of houses constructed in Saskatchewan by Wartime Housing Limited up to and including March 31, 1948,

is 1,678; (b) the total number of houses under construction in Saskatchewan by Wartime Housing Limited as of March 31, 1948, is 464.

2. The average construction cost for the erection of houses in Saskatchewan by Wartime Housing Limited is: 4-room, $3,599.31; 5-room, $4,229.84; 6-room, $4,344.90.

WARTIME HOUSING—NORTH VANCOUVER

Mr. MacINNIS:

1. Is Central Mortgage and Housing Corporation negotiating for the sale of houses built by Wartime Housing in North Vancouver?
2. If so, how many houses are being offered for sale?
3. Do the present tenants get the first option?
4. If so, at what price and on what terms?
5. What was the original unit cost of building these houses?
6. If the present tenants do not purchase, will they be compelled to vacate?

Mr. McILRAITH:

1. Negotiations have been completed for the sale of a number of wartime housing units in North Vancouver.

2. There have been 391 units offered for sale.

3. Yes.

4. Terms: (a) A purchaser may buy for all cash. If he wishes immediate title he will be required to pay the full sale price; if he agrees to reside in the house for five years and obtain title at the end of that period, provided he does not default under the terms of the agreement, he will be allowed a discount of 17½ per cent on the sale price. The reduced amount that he will be required to pay is known as the anticipated price.

(b) A purchaser may buy on deferred payment plan with a minimum down payment of 10 per cent and six months' taxes in advance. The balance is payable in monthly instalments which approximate his current rental over a period not exceeding twenty-five years. The standard contract provides for a reduction from the sale price to the anticipated price if the purchaser or his immediate family occupy the house for five years from the date of purchase and comply with the terms of their agreement. The monthly payments cover principal and interest, insurance and one-twelfth of the yearly taxes. The corporation undertakes to install permanent foundation walls, replace metal chimneys with masonry ones and where two adjoining properties are served by a double woodshed, to divide the same and move each half into its appropriate lot.

Prices: Average anticipated prices are: Small 4-room, $2,500; large 4-room, $2,750; 6-room, $3,200.

5. The original unit cost of building these houses was: Small 4-room, $2,477.67; large 4-room, $2,847.85; 6-room, $3,015.64. These are original construction costs and do not include lot fees of $100 per lot payable to the municipality at time of sale, or cost of foundations (estimated at $750 per house) or other improvements.

6. Tenants who do not wish to purchase may be asked to move to suitable alternative accommodation. If a tenant is moved to a smaller house than he now occupies, it must be suitable to house his family without overcrowding. A tenant will not be required to move more than once and a veteran will not be moved to accommodate a non-veteran. Furthermore, tenants who are required to move will be compensated for moving expenses by a grant up to but not in excess of $15.

CENTRAL MORTGAGE AND HOUSING CORPORATION LUMBER AND LUMBER SUPPLIES—PURCHASING AGENT

Mr. WHITE (Hastings-Peterborough):

1. Who is the purchasing agent for Central Mortgage and Housing Corporation, for lumber and lumber supplies, in the province of Ontario?
2. When was he appointed and who recommended his appointment?
3. What was his occupation before appointment?
4. What is his salary?

Mr. McILRAITH:

1. Mr. A. Hardman, Toronto, Ontario.

2. Mr. Hardman was appointed on the 1st of January, 1947. Mr. Hardman was previously employed as purchasing agent, Wartime Housing Limited. When the operations of that company were taken over by Central Mortgage and Housing Corporation, Mr. Hardman was employed by Central Mortgage and Housing Corporation.

3. See answer to No. 2.

4. The question of salary has to do with the internal management of the Central Mortgage and Housing Corporation and it has not been the practice to give this information.

SALE OF CANADIAN FISH

Mr. ISNOR:

What, if any, efforts are being made to stimulate the sale abroad of Canadian fish?

Mr. McILRAITH: The trade commissioner service is so organized that trade commissioners are kept continuously posted on the supply position of various commodities in Canada, and are urged to promote the sale of all commodities, particularly those which are in excess of our immediate domestic requirement.

Having regard to the current supply position, special instructions were sent to the trade commissioners, in countries where particular types of fish would find a most ready sale.

Washington has been advised of the availabilities of certain types of fish and the various U.S. government purchasing agencies have been acquainted with our supply position.

Recently an interdepartmental fisheries export committee was organized for the purpose of ensuring the best possible co-ordination of the efforts of the two departments—Trade and Commerce and Fisheries—and the trade, to market Canadian fish abroad. Steps have been taken to create a senior trade commissioner position who will specialize in the marketing of fish in the same manner as the agricultural and timber trade commissioners deal with their commodities.

IMPORT RESTRICTIONS—CIGARS FROM CUBA

Mr. PROBE:

1. Since November 17, 1947, how many applications have been received by the emergency import control division, Department of Finance, requesting permits to import cigars from Cuba?

2. For what amount (weight and value) was each application?

3. What was the disposition of each application for permit?

Mr. BELZILE:

In so far as the emergency import control division is concerned:

1. Seven.

2 and 3.

Quantity	Value	Disposition	Explanation
37,500	$4,300 00	Granted	These cigars had been made up to particular specifications and each cigar individually labelled under a cellophane wrapper with Canadian merchants label prior to November 17, and therefore could not be resold in any other country.
6,500	900 00	Granted	
17,500	2,500 00	Granted	
200	.....	Refused	Applicant requested permit for shipment of cigars to be used at company's convention.
7 oz.	5 00	Granted	Applicant arranged for shipment of samples (no two cigars the same) while in Cuba in October, 1947. Usable for demonstration purposes only.
2,000	253 56	Granted	Shipment in transit November 17 but was returned to Cuba in error by customs.
5,700	....	Refused	Applicant requested a quota for future purchase and importation of cigars from Cuba.

KAMLOOPS, B.C., POST OFFICE BUILDING

Mr. FULTON:

1. From whom were the tenders received for the addition to the post office building at Kamloops, B.C.?

2. What were the amounts of the respective tenders?

3. To whom was the contract awarded?

4. Has the contractor to whom the tender was awarded been paid in full for the complete addition?

5. If so, what was the total amount paid to him inclusive of any extra payments over and above the amount of the original tender?

6. If not (a) how much has been paid to him to date; (b) how much more will be paid to him for extras beyond what has already been paid?

Mr. FOURNIER (Hull):

1. Two quotations received.

(a) Bennett & White Construction Company Limited,

(b) J. C. Taylor & Son, Kamloops, B.C.

2. (a) Bennett & White Construction Company Limited—$41,600.

(b) J. C. Taylor & Son—$49,396.

3. Bennett & White Construction Company Limited.

4, 5 and 6. The total amount of this contract, including authorized extras totalling $2,260, is $43,860. The amount paid the contractor to date is $42,860, the balance of $1,000 being withheld pending completion of unfinished work.

UNSURVEYED MINERAL CLAIMS IN YUKON TERRITORY

Mr. BLACK (Yukon):

Who are those who wish to proceed with the development of the mineral resources of Yukon territory and are unable to ascertain the limits of the properties that can be secured either by purchase or staking, referred to in the notices sent to the owners of unsurveyed mineral claims in Yukon by the mining recorders of Yukon on instructions of the Minister of Mines and Resources?

Mr. MacKINNON: Companies and individuals who have already made substantial investments in mining in the Yukon and are interested in its development in the future.

HEALTH AND WELFARE—BRAUND TREATMENT FOR CANCER

Mr. McGARRY:

1. Can the Ministry of National Health and Welfare say whether or not the committee of inquiry set up in New South Wales, Australia, to investigate the Braund treatment for cancer has completed its inquiries?

2. If so, what were the conclusions of the committee?

Mr. MARTIN:

1. Yes. The committee has completed its inquiries and its report was tabled in the New South Wales parliament on April 8.

2. The report states that the committee found Braund's treatment was in no way a specific cure for cancer, nor could it retard the growth of cancer. The committee concluded from patients examined that Braund in no case had substantiated his claim to cure cancer.

On March 9, in reply to a question by the hon. member for New Westminster (Mr. Reid), I informed the house that the Department of National Health and Welfare had directed inquiries to the government of New South Wales regarding the alleged Braund cure for cancer. At that time I reported the receipt of a preliminary report from the chairman of the committee appointed to investigate Mr. Braund's treatment, which recommended strongly against patients going to Australia for the purpose of receiving that treatment. I am now able to inform the house that the investigating committee's report was tabled in the New South Wales parliament on April 8. The report states that the committee found Braund's treatment was in no way a specific cure for cancer, nor could it retard the growth of cancer. They concluded from patients examined that Braund in no case had substantiated his claim to cure cancer.

INCOME TAX—COMPULSORY SAVINGS

Mr. BLACK (Yukon):

Will refunds of income taxes called compulsory savings now being returned to taxpayers be taxed as income of the taxpayer to whom such refunds are made?

Mr. WINTERS: The refundable portion of income tax is not treated as taxable income.

PORT ELGIN HARBOUR IMPROVEMENTS

Mr. NICHOLSON:

How much was spent on Port Elgin harbour improvements during the periods: (a) 1921-1930; (b) 1931-1940; (c) 1941-1947?

[Mr. Black (Yukon).]

Mr. FOURNIER (Hull):

Fiscal Years	
(a) 1920-21 to 1929-30	$11,744 46
(b) 1930-31 to 1939-40	65,996 75
(c) 1940-41 to 1946-47	2,611 53

QUESTIONS PASSED AS ORDERS FOR RETURNS

WHEAT BOARD—EMPLOYEES

Mr. HANSELL:

How many people are employed by the wheat board and how many are in each classification, such as executive, management, secretaries, bookkeepers, stenographers, etc.?

Mr. McILRAITH: Return tabled.

"21" CLUB, MONTREAL

Mr. SKEY:

1. Have the government any record of a Montreal organization formerly known as the "21" club?

2. If so, what was the purpose of the club and when was it disbanded?

Mr. GIBSON (Hamilton West): Return tabled.

RENTAL APPEALS—ONTARIO

Mr. WHITE (Middlesex East):

1. How many rental appeals in respect of homes, housing and domestic establishments have been heard and adjudicated upon in the counties of Middlesex, Kent and Lambton, province of Ontario, in each year to date since the inception of rent control?

2. How many were heard before county and district court judges?

3. How many have been determined in favour of (a) the tenant; (b) the landlord?

4. In how many such appeals was there an application for (a) increase of rental; (b) decrease of rental?

5. Of such appeals mentioned in question 3 were (a) increases of rental granted; (b) decreases of rental granted?

GRANTS TO HOSPITALS, ETC.

Mr. BENIDICKSON:

What grants have been made by the federal government within the past five years to general hospitals or sanitaria for construction, equipment or maintenance costs?

DAYLIGHT SAVING TIME—RAILWAYS

Mr. FULTON:

1. During the war why were the Canadian railways not compelled to adopt daylight saving time when that time was made applicable to the rest of the country?

2. Do the same reasons still apply at present, or if there are other reasons, what are they?

Mr. GIBSON (Hamilton West): Return tabled.

GOVERNMENT ANNUITIES

Mr. KNOWLES:

1. What was the total number of individual contracts (not including certificates to persons in group plans) issued by the government annuities branch in each month from April 1, 1947, to March 31, 1948, both inclusive? What was the same total for the period from April 1 to April 19, 1948?

2. What was the number of certificates to individuals in group plans issued by the government annuities branch in each month from April 1, 1947, to March 31, 1948, both inclusive? What was the same total for the period from April 1 to April 19, 1948?

3. What was the total number of individual annuity contracts (not including certificates held by persons in group plans) held as at March 31, 1948, and as at April 19, 1948?

4. What was the total number of persons holding certificates in government annuity group plans as at March 31, 1948, and as at April 19, 1948?

5. What was the total number of new annuity group plans put into effect in each month from April 1, 1947, to March 31, 1948, both inclusive: (a) governmental bodies; (b) non-governmental bodies? What were the same totals for the period from April 1 to April 19, 1948?

6. What was the total number of government annuity group plans (a) governmental bodies; (b) non-governmental, in effect as at March 31, 1948, and as at April 19, 1948?

EXTERNAL AFFAIRS

ATTENDANCE OF UNITED STATES CONSUL, TORONTO, BEFORE ONTARIO MUNICIPAL BOARD

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): The hon. member for Stanstead (Mr. Hackett) raised a question on May 4, 1948, concerning the appearance before the Ontario municipal board of the consul general of the United States in Toronto. At that time I gave an undertaking that I would inquire into this incident and report to the house.

By international custom or treaty, and in accordance with instructions from their home states, consuls perform functions pertaining to the promotion of commerce and industry, the supervision of merchant shipping, protection for nationals of the appointing state, and certain notarial functions.

In the performance of these functions pertaining to commerce and industry, consuls must be allowed by the receiving state to watch over the execution of commercial treaties, to send reports to the home state on everything which can influence the development of its commerce and industry, and to give information to merchants and manufacturers of the appointing state necessary for the protection of their commercial interests. It is also generally admitted that in addition to the exercise of these duties of protection, consuls may render certain assistance and help to their nationals who may be litigants before the courts of the jurisdiction where they perform their functions.

It seems clear in international law that a diplomatic envoy cannot be compelled or even requested to appear in a court as a witness in a civil, criminal or administrative procedure. But if he chooses to appear the courts may, and usually do, allow him to do so. By analogy, though there does not appear to be any clear rule of international law on this point, it would seem that a consul may ask a court within his consular jurisdiction to hear his statement on any matter in which the local interests of a national of his state may be involved. The court, of course, having control of its procedure, may decide the conditions upon which a statement may be given, and, having heard it, decide what weight, if any, should be attached to it.

In this particular instance, public notice had been given by the Ontario municipal board that it would hear the application of the M. & G. Convoy Company of Buffalo for a licence to carry automobiles in bond over provincial highways from one point in the United States to another. I understand it is the practice of the board to hear anyone whose statement is expected to be relevant. In the case of Mr. Russell, the chairman of the board decided to allow him to be heard. It is also our information that the proceedings of the board are usually informal and that witnesses are rarely put under oath.

I am informed that the consul general was acting in conformity with instructions from the United States Department of State, and for this reason he felt that he could not properly take an oath or be examined as an ordinary witness. This is quite clear from the letter he sent to the chairman of the Ontario municipal board on April 30. If I understood his statement aright the hon. member for Stanstead said it was competent to the board to receive a letter which would not be received as proof in an ordinary court of justice. I should like to read the letter sent to the chairman of the Ontario municipal board on April 30; I think it puts the matter in its proper perspective:

American Consulate General,
Toronto 1, Canada,
April 30, 1948

The Honourable
Chairman, Ontario Municipal Board,
Parliament Buildings,
Toronto.

Sir:

I have the honour to refer to the hearing before your board on the morning of April 29, 1948, and beg to confirm herewith my verbal statement at that time . . .

The United States government is very much interested in the general proposal of freedom of movement by American trucking interests carrying in transit goods across Ontario from Michigan to New York, including this present application of M & G Convoy, Incorporated.

The consulate general in Toronto hopes for a favourable decision at an early date in this case by your honourable board. There may be other similar applications.

As my statement was made officially, I could not properly take oath to it or be examined or cross-examined upon it.

Respectfully yours,
H. Earle Russell,
American Consul General.

It seems that all this amounted to, in fact, was to express before the Ontario municipal board what was well known to be the attitude of the United States with respect to this matter. This gentleman, in the exercise of his official functions, was seeking to render assistance to and further the commercial interests of nationals of his country before an administrative board. Whatever view may be taken of such an official act we must not forget that Canada too sends consuls abroad. When His Majesty issues a commission to the Canadian consul His Majesty grants—and I quote the language of the commission—

. . . full power and authority by all lawful means to aid and protect those Canadian citizens who may trade with or visit or reside within his consular district.

I therefore think this incident should not be magnified into one of considerable significance. In view of the controversial nature of this question and the discussions which have been going on about it for some time, however, I regret that it was considered necessary or advisable for the United States consul general in Toronto to ask to be heard by the provincial municipal board at this time.

PRAIRIE FARM REHABILITATION

AMENDMENT TO PROVIDE FOR APPOINTMENT OF DIRECTOR AND ASSOCIATE DIRECTOR

Right Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a bill to amend the Prairie Farm Rehabilitation Act to empower the Minister of Agriculture to appoint a director of rehabilitation and an associate director of rehabilitation.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of the resolution, recommends it to the consideration of the house.

Motion agreed to.

[Mr. St. Laurent.]

STRAIT OF CANSO

INQUIRY AS TO REPORT FROM ENGINEERING COMMISSION

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): Mr. Speaker, I should like to ask a question of the Minister of Transport, concerning a matter with which I am sure he is quite familiar. When may his department expect a report from the engineering commission appointed to determine the feasibility of the strait of Canso project?

Hon. LIONEL CHEVRIER (Minister of Transport): The board of engineers appointed by the government on February 11 last has held several meetings, and is actively engaged in reviewing plans prepared by the department dealing with the financial and economic practicability of, and the annual charges involved in, the construction of a bridge, causeway, tunnel or other improved facilities at Canso. I am informed it is expected that the report will be in the hands of departmental officers about the end of July.

FREIGHT RATES

REPRESENTATIONS OF SEVEN PROVINCIAL PREMIERS

On the orders of the day:

Mr. SOLON E. LOW (Peace River): Mr. Speaker, can the Prime Minister say when he may be able to make an announcement as to the decision of the cabinet with respect to the request made recently by seven provincial premiers on the question of freight rates?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I regret I am not able to give my hon. friend any information at the moment.

FARM IMPLEMENTS

ARRANGEMENT FOR SHIPMENT OF CANADIAN-OWNED COMBINES TO THE UNITED STATES

On the orders of the day:

Mr. H. R. ARGUE (Wood Mountain): Mr. Speaker, I should like to ask a question of the Minister of National Revenue. Can he inform the house how many Canadian combine harvesting outfits will be permitted to enter the United States this year, on what basis the selection will be made, and whether veterans and farmers in crop failure areas will be given preference?

Hon. J. J. McCANN (Minister of National Revenue): This is a question which might more properly be answered by the Minister of Labour.

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, the arrangement for the shipment of Canadian-owned combines to the United States is made by officials of the Department of Labour in Ottawa with the Department of Labour at Washington. Then the Department of Labour in Washington secures clearance through the United States immigration and customs officials. This has been going on for a number of years, as my hon. friend knows. It was developed more particularly during the war years. Last year 1,100 combines went to various parts of the central and southern states; this was the biggest movement on record. The average in previous years was about 600.

Might I add in passing that millions of dollars have been earned by this movement. Last year 412 of the owners of combines reported that they had received $3,325,000, which indicates that the owners of the 1,100 machines received close to $8,000,000, all in United States funds.

The movement from the United States to Canada is not as great. At most there have been 40 American combines taking part in this movement. I am informed that this year it is not expected that as many Canadian combines will be required by the United States, because of the late crop, particularly in New Mexico, Oklahoma and Texas.

I might mention also the very friendly relations we have in connection with the movement of workers from Restigouche county in New Brunswick to Maine for the potato harvest, and from the southern part of Quebec for the lumber operations also in Maine. Then there is the movement of tobacco workers from the southern states into Ontario for the harvesting of the crop there.

When the movement does take place the selection will be made, as in the past, by the farm labour directors of the respective provinces; and of the dominion, which are involved in the movement.

ROYAL CANADIAN MOUNTED POLICE

REFERENCE TO ADVERTISEMENT IN "LIFE" MAGAZINE

On the orders of the day:

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I wish to ask a question of the Minister of Justice, arising from an advertisement for old stock ale which appeared in *Life* magazine of April 26. In the advertisement are three cuts of a member of the mounted police force, who is obviously on duty, because he is carrying his gun. He would appear to have the line of his horse's bridle in one hand and a bottle of this old stock ale in the other, and he is drinking from the bottle. In one of the other cuts it would appear that he is in very bad shape because he has the line of his horse's bridle over his elbow, while he pours the ale. The horse looks on, longingly; otherwise he might joggle his arm.

I realize we have no control over the advertisements appearing in foreign magazines. But this force has a tradition, and drinking on duty is one of the things strictly forbidden; to suggest that they do so is absurd. My view is that something should be done, if necessary, to stop the magazine from coming into Canada if it is going to traduce the reputation of the Royal Canadian Mounted Police, as is done in the advertisement I have just sent across to the minister.

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, I am much obliged to the hon. member for having brought this advertisement to my attention. I shall give consideration to the matter, and see whether anything can be done.

Mr. SMITH (Calgary West): May I add that I assume no permission or anything of that kind was given?

Mr. ILSLEY: Oh, no.

Mr. SMITH (Calgary West): I am not speaking critically at all.

Mr. ILSLEY: No permission was given.

INQUIRY FOR RETURN

SUBSIDIES OR SUBVENTIONS TO INDUSTRY

On the orders of the day:

Mr. D. J. McCUAIG (Maple Creek): Mr. Speaker, I should like to ask a question of the Secretary of State. On February 25, as appears at page 1605 of *Hansard*, an order for return was passed in my name respecting subsidies or subventions to industry. That was some time ago. Will the minister be good enough to say when I may expect an answer?

Hon. COLIN GIBSON (Secretary of State): I shall have inquiries made.

NATIONAL DEFENCE

REPORT AS TO ISSUE OF USED UNIFORMS FOR CANADIAN ARMY

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, I should like to ask a question of the Minister of National Defence. According to Saturday's press, the army is to

be issued second-hand air force uniforms. If that is correct, why are the fighting forces to have second-hand uniforms? I should like to know if the report is correct.

Hon. BROOKE CLAXTON (Minister of National Defence): No, the report is totally and utterly incorrect.

NAILS

REPORTED SHORTAGE IN TORONTO AREA

On the orders of the day:

Mr. H. W. TIMMINS (Parkdale): Mr. Speaker, I should like to ask a question of the Minister of Reconstruction and Supply. I am informed that representations have been made to the minister or his department about a desperate shortage of nails in Toronto.

Mr. KNOWLES: Winnipeg too.

Mr. TIMMINS: Now that we shall be discussing the matter of housing for the next couple of days, will the minister bring in a report showing what the situation is, and particularly why one firm in Ontario, which is able to produce nails is not given some encouragement in that regard?

NATIONAL HOUSING ACT

AMENDMENT WITH RESPECT TO POWERS OF APPROVED LENDING INSTITUTIONS, ETC.

The house resumed from Thursday, May 6, consideration in committee of the following resolution—Mr. Howe—Mr. Golding in the chair:

That it is expedient to present a measure to amend the National Housing Act, 1944, and in particular to authorize approved lending institutions to purchase from Central Mortgage and Housing Corporation mortgages held by the said corporation and to make loans to owners of rental housing projects not exceeding in amount 85 per cent of the estimated cost thereof; to authorize Central Mortgage and Housing Corporation to guarantee an annual return of an amount to be determined by the corporation of rentals from rental housing projects for a period not exceeding thirty years, to make loans to owners of rental housing projects if such loans are not being made available by approved lending institutions; to authorize the governor in council to transfer lands vested in His Majesty to the corporation; and to make provision for the winding-up and dissolution of Wartime Housing Limited and to vest in Central Mortgage and Housing Corporation power to provide rental housing out of moneys which may be appropriated by parliament for the purpose.

Mr. NICHOLSON: Mr. Chairman, at page 3639 of *Hansard* for May 5 the minister mentioned that some 13,000 rental units were being built under government sponsorship—some under Wartime Housing, some under Housing Enterprises, and some under emergency shelter activities. Will the minister give a breakdown of the number in each category?

[Mr. Cruickshank.]

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): My officers will be with me in a moment, and I will then give the hon. member that information.

Mr. MERRITT: I should like to ask the minister some questions with regard to the housing scheme for veterans in Vancouver which he announced. He said that he would accept applications from municipalities for a total of 12,000 houses. How many ex-service men have applied to Central Mortgage and Housing Corporation for wartime housing or its equivalent? How many applications are still active?

Mr. HOWE: Applications for the 12,000 veterans housing units are made by the municipalities concerned. The application is made by the veteran to the local committee, which is usually of a municipal character. Usually the allocation of houses is made by a local committee on which the municipality and the local branch of the Legion have representation. I would not know how many applications have been made to these local committees, but the other day I gave the number of applications which had been made by municipalities to Central Mortgage and Housing Corporation.

Mr. MERRITT: On what basis was the number of 12,000 arrived at? Was that the number you could build?

Mr. HOWE: We estimated from experience how many units the cities throughout Canada were likely to ask for. We had to have a basis for the appropriation we would ask this parliament to grant, and we based our request for appropriation on probable applications for 12,000 units. If we actually have requests for 13,000 units I suppose we would build the extra thousand.

Mr. MERRITT: The other day the minister gave figures as to the number agreed upon and the number under negotiation—3,500 and 5,200 respectively. How many are now under construction under the new scheme? Of the 1,115 under negotiation in British Columbia, how many have been agreed upon in Vancouver?

Mr. HOWE: About 900 houses of the 1948 program are actually under construction. As to the Vancouver district, under the terms which were negotiated in the latter part of 1947, there are 600 houses under construction, with 500 additional houses under negotiation.

Mr. MERRITT: The total number of houses under negotiation and under agreement does not measure up to the 12,000 which the minister gave. Is the minister running into difficulties in negotiation which have resulted in the scheme not being taken up to its full extent?

Mr. HOWE: It is only a matter of the willingness of the municipalities to make their contribution, which is limited to $600 per house. Wherever a city is willing to do its part, the federal government are willing to do their part. If my hon. friend wishes to stimulate house building in his own province he should campaign among the municipalities, because that is where the difficulty lies.

Mr. MERRITT: I know that is the minister's attitude, but it is not necessarily the correct one. I have no doubt that the municipalities take the stand that they are being called upon to do too much because of regard for their local conditions. What attempt has the minister made to interest the provinces, particularly British Columbia, to participate with the municipalities in this scheme?

Mr. HOWE: I think the municipalities take somewhat the same view as the federal government; they dislike subsidized housing. That is the fundamental difference.

Mr. MERRITT: That is not my question. I wanted to know whether the minister had made any attempt to interest the provincial governments in this scheme.

Mr. HOWE: The provincial government is involved with the municipality, because no municipality can make an agreement with the federal government without the consent of the provincial government. I have had talks with responsible members of the provincial governments, and they are well aware of the situation.

Mr. MacNICOL: On Thursday last I asked whether it would be possible for Canada to embark on a program of prefabricated houses. The Toronto *Daily Star* gave wide coverage to my remarks, for which I am grateful to the reporter who represents that paper here in Ottawa. The result was that on Friday, Saturday and Sunday I was swamped with telephone calls, and I have received a great many letters here asking about the prefabrication program. There are quite a number of housing schemes around Toronto. I have seen some of them, and the prices are away beyond anything that I would pay. In all the groups that I have seen I would not pay more than $3,000 for any house.

People are anxious to get houses at reasonable prices. As I said on Thursday, under no circumstances can a working man afford to pay $6,000 or $8,000 for a house, nor can he afford to pay a rental running as high as $80. Would it be possible for Canada to do what they are doing in England and France with prefabricated houses?

Mr. HOWE: Canada is using prefabricated houses in some sections. I think there are five substantial producers of prefabricated houses. The difficulty is the buyer's resistance; there is no fully prefabricated house that has entirely broken down the resistance of buyers. All houses built by Central Mortgage and Housing Corporation are prefabricated to some extent. Panels are built off the job, and other work is done off site.

Another difficulty in connection with fully prefabricated houses is the meeting of local building bylaws. My hon. friend will recall that the Fairchild aircraft company produced prefabricated houses back in 1945 and 1946. These were substantial houses, and they met most of the requirements for a small house. But the difficulty was to meet the various building bylaws. Resistance developed to such an extent that the Fairchild house went off the market.

There is a preference among house buyers for the style with which they are familiar. I happened to be in southern California two or three years ago when an aircraft company there was considering going into prefabricated housing. Before doing so they decided to hold a competition to determine what design of house would be most acceptable to the buyer. They built one standard Cape Cod cottage, a style of small house which we all know in Canada, and two prefabricated houses. They took a ballot as to which was most acceptable to the public and 85 per cent of those voting favoured the standard Cape Cod cottages as against the two prefabricated designs. It is a combination of these circumstances which holds down the number of prefabricated houses that are being brought into use. One contractor in London, Ontario, who builds prefabricated houses, and moves them to a site in the neighbourhood, is working to capacity, but the plant has a very small capacity. He has a house which is acceptable in the London area and meets the bylaws of the city. About the only way I can see to bring about a much larger use of prefabricated houses would be to have localized operations of that kind, to meet the conditions of the particular locality.

Mr. MacNICOL: I realize that if you are to erect prefabricated houses in a city, in Toronto, for instance, London or Hamilton, the local city bylaws will specify the kind of house that is permitted, but whether outside

the city there are township bylaws to prevent the erection of prefabricated houses I do not know. I do not see why any objection should be taken to the type of house the minister mentioned, which is made by the Fairchild aircraft company just east of Montreal, on the south side of the river. I went there myself, and as the minister knows, a sample house has been erected just across the road. I thought it was a splendid house. At that time they were being sold for $3,000. If I had to choose between it and the type of house I see going up outside the city of Toronto, I would take the prefabricated house made by Fairchild.

Mr. HOWE: They have shortened the name to Faircraft.

Mr. MacNICOL: A working man cannot afford to pay for the ordinary type of house that is going up around the city of Toronto. Can the minister tell the committee how many houses were made by Faircraft? I made an investigation at Steep Rock, which is in the next riding west of the minister's, and learned that the Steep Rock people had ordered fifty of these prefabricated houses. How many more they have on order I do not know, but their engineers were elated at the opportunity of being able to buy them. They expect the company to expand greatly. I hope it does. I was reading only this morning that within another year or two they expect to have a town of 7,500 people at Atikokan, near Steep Rock, and I hope this prefabricated house is so satisfactory that they have ordered a whole lot more. If they get them for $3,000 each, that will be good value for any working man. I do not know whether the program can be furthered in any way, but it is worth looking into very carefully. The low cost means a substantial saving to the working man who cannot possibly afford to pay the $6,000 or $8,000 mentioned in this bill.

Mr. HOWE: Faircraft built 1,000 houses before they stopped the operation. The principal use for prefabricated houses is outside the cities, in paper towns like Marathon and Terrace Bay. The government itself is a substantial buyer of prefabricated houses for such outlying locations. In the cities there is practically no saving between the prefabricated house and the same type of house built on site. When the full accounts are paid the two usually cost about the same price.

Mr. MANROSS: The minister quoted the Faircraft house and said they had stopped operations. He also mentioned the prefabricated house being made in the city of London. It costs a lot more than $3,000 erected on site. The prefabricated house made in London sells for $4,790 erected on site. You buy the lot, and to veterans the city repays half the price of the lot after the house is erected. This house which sells at $4,790 has been approved by National Housing as well as by the lending companies. A down payment of $790 is required, leaving a mortgage of $4,000, and any mortgage company will take that risk. The house is moved to the site in two pieces. It splits in the middle, and you cannot see the joint when the house is erected. The roof is on hinges. The house requires 12 feet of clearance on the highway. The company is planning to distribute these houses within 100 miles of the city of London.

The chief difficulty which the company have had so far is the weather. They have not been able to build a big enough assembly line under shelter. They are building one house every five days now, but are hoping shortly, if we can give them some assistance, to build one every eight hours. Certainly that house is much cheaper than a house built on site. It includes plumbing, heating, wiring, grading of the front lawn and the house erected complete with a seven-foot basement.

Mr. NICHOLSON: Would the minister give us the breakdown by provinces of the units built by Wartime Housing, Housing Enterprises and Emergency Shelter?

Mr. HOWE: Wartime Housing built 5,700; Emergency Shelter, 3,800; Housing Enterprises, 3,000; miscellaneous army construction, 500, making 13,000 odd altogether.

Mr. NICHOLSON: The annual report of Central Mortgage and Housing Corporation gives detailed information about the activities of most of its branches. In the statement of assets it shows Housing Enterprises loans at $18,642,160; advances made to retire debentures and purchase outstanding debentures, $3,742,781, a total of $22,384,941. Will the minister give some information as to the location of these thirty projects, the average cost per unit, and the average rental per unit? If it is not feasible for him to give the information at once, he might put on the record the location of these different projects.

Mr. HOWE: We have not the information here, but I will ask the president of Central Mortgage and Housing to mail my hon. friend a schedule, if that will be satisfactory.

Mr. NICHOLSON: That will be quite all right. Could we have the average cost per unit and the average rental per unit that is being charged?

Mr. HOWE: I shall be glad to get that for my hon. friend.

Mr. NICHOLSON: The minister's officials have not the information here?

Mr. HOWE: Not in such a form that it will answer the hon. member's question. We filed some information today on the cost of certain units, but the units vary so much in different parts of the country that it is difficult to give an over-all figure that means very much.

Mr. LOCKHART: Earlier the minister said that in 1946 it took eleven months to build a house, but that in 1947 the time was cut down to eight months. Does the minister not believe that the same house could have been put up in 1939 in four or five months?

Mr. HOWE: About five months.

Mr. LOCKHART: Is there no hope of cutting down the time required to build a house?

Mr. HOWE: It is tending in that direction. In the first quarter the average was seven and a quarter months.

Mr. LOCKHART: In connection with Housing Enterprises Limited, I understand the schedule of rentals runs $42, $47, and, I believe, about $55. Is that the average across the country wherever these houses were built?

Mr. HOWE: That is the general rental range, but there are more expensive apartments.

Mr. LOCKHART: In the contracts made with tenants, is it true that no tenant who is, let us say, on piece work or who is doing seasonal work is acceptable in these houses?

Mr. HOWE: It depends. If he is a veteran and has reasonable earnings over the year, I do not think they care whether his earnings are seasonal or not. They expect the tenant to have an income which will enable him to pay the rent that these projects demand. If he cannot pay the rent, an effort is made to get him accommodation within his means.

Mr. LOCKHART: The minister did not grasp my meaning. Has it been necessary for a man to have an assured income over the past year, we will say, in order to be able to rent one of these houses? Suppose at the moment he is engaged on piece work or on seasonal work: on that basis, if it continued for the whole year, he would have enough to meet the requirements. Veterans tell me that they have attempted to negotiate the rental of some of these houses, more particularly at $42 or $47, and they find that simply because of the kind of employment they have there is no hope for them. Being a veteran does not help a man at all. Can the minister enlighten the committee further as to what the practice is? Is the report made to me correct, that they cannot rent these houses for the reason I have stated?

Mr. HOWE: Generally speaking the married veteran with two children is taken care of, if not with one type of house then with another, and if there is a surplus of housing beyond that, the veteran with fewer points—the married veteran with one child—is taken care of. I think the point system is more important than earnings. Of course earnings are considered. It would be foolish for a veteran to move into a class of accommodation he could not possibly pay for, and it would be foolish for the managers of the project to permit him to do so. But if he qualifies on points and has any income whatever, which all veterans have, he is taken care of.

Mr. MacINNIS: The minister mentioned Housing Enterprises Limited and said they had completed some 3,000 units. Is that correct?

Mr. HOWE: Yes.

Mr. MacINNIS: How many units altogether were started by Housing Enterprises Limited?

Mr. HOWE: There were 3,313 started. They are all finished.

Mr. MacINNIS: In introducing the resolution on May 5 the minister, as reported at page 3640 of *Hansard*—there is reference to Housing Enterprises Limited—made this statement:

> In light of all circumstances the government accepted this proposal. The corporation has taken over Housing Enterprises Limited and has completed and rented the 3,313 units in the 32 projects.

How many of these units did the government have to complete after they took over from Housing Enterprises Limited?

Mr. HOWE: The government completed about 2,000 units. The rest were completed by the other company.

Mr. MacINNIS: Then it would seem that Housing Enterprises completed 1,113 and the government completed 2,200. How much money had the government spent on Housing Enterprises Limited?

Mr. HOWE: When all the bills are paid—the accounts have not yet been straightened out—the cost will be about $26,000,000 for the 3,313 units.

Mr. MacINNIS: In reply to the hon. member for Lincoln the minister said that the rent of the units started by Housing Enter-

prises Limited and completed by the government would be $40, $42 and $47. Is that correct?

Mr. HOWE: It is difficult to give an over-all figure, because there are so many different types of accommodation started under the plan. I should think that is a fair figure for the single units. In the city of Toronto and in one or two other cities there are apartments that rent at a much higher figure than that.

Mr. MacINNIS: I understand that there are some apartments in Vancouver. Has the minister the rentals for those apartments? Can he give them now?

Mr. HOWE: I am sorry to say we have not got them. They are substantially higher, however, than the figures named.

Mr. MacINNIS: The reason I am inquiring particularly is that during the last session, though I have not the exact date—I believe it was on May 14—the minister referred to a firm bid that had been received for 400 units in Hamilton, and on that occasion I understood the rentals, when these units were finished, would be $55, $65 and $75. They were three-, four-, and five-room units. If the others were comparable, or if these were finished, the rentals would be away beyond what the minister has stated. I want the minister to remember I am just saying "if."

Mr. HOWE: My impression is that when the range of rentals was placed before the government the project was not approved, and I think I am correct in saying that particular project was not actually built. When the government took over Housing Enterprises Limited it made every possible effort to reduce the rentals of the units. In some cases the amortization period was extended and interest on money was reduced, and every means was taken to bring the rentals to a reasonable level, so that today they are not too far out of line for the ordinary veteran family.

Mr. NICHOLSON: On the basis of the figures the minister gave a few moments ago, 3,313 units at a total cost of $26,000,000 would represent $8,000 per unit. I do not see how it would be possible to rent these units at the figures mentioned by the member for Lincoln a few minutes ago. Can the minister explain how in these circumstances the rentals can be revised downwards?

Mr. HOWE: My hon. friend is correct. The average unit cost is about $8,000. The rentals were brought down by extending the amortization period and extending low interest rates. The government owns them directly; it is not in the hands of the mortgage company today. The government has lent at the cheapest rate at which a government can lend money to a project of that sort, so that even though the units cost $8,000, the rentals are approximately as stated.

Mr. LOCKHART: What is the average cost of the four-room unit that Housing Enterprises Limited built?

Mr. HOWE: Built in what year?

Mr. LOCKHART: They are just finishing them up. They were finished and then they were abandoned. There was a four-room unit that was built. What was the over-all cost of that? It looks to me as if these prices are away out of line.

Mr. HOWE: We thought they were away out of line. That is why we took them over. We did not like to lend money on the houses at the amounts that they were costing.

Mr. LOCKHART: Can we not be told what they cost?

Mr. HOWE: If the hon. member will tell me what project he is talking about, I shall be able to get the information. He waves his hand and asks, what do four-room units cost. What project is it he refers to?

Mr. LOCKHART: Three different types of units were built in the city of St. Catharines. There were 102 houses. The four-room unit, the lesser of the three, rents for $42 per month with some other service charges added. I should like to know what that particular four-room unit cost.

Mr. HOWE: We will get that.

Mr. LOCKHART: I have been more specific.

Mr. HOWE: We will get the information.

Mr. LOCKHART: It seems to me we ought to have it.

Mr. TIMMINS: P.C. 1095 was an order in council having to do with a rental housing project in which the element of double depreciation was the main factor. It is stated in the order in council that it must be a rental housing project commenced prior to January 1, 1949. The first question I should like to ask the minister is this. If rental insurance comes in, is that the end of P.C. 1095 with respect to double depreciation?

Mr. HOWE: The double depreciation was put on for a period to test its value as a

stimulation to the building of apartments. The intention is to dovetail it into the rental insurance.

Mr. TIMMINS: Will double depreciation be a factor in this rental insurance plan? Or is it a project by itself?

Mr. HOWE: It was a project by itself. It was announced a year ahead of the insurance principle. The insurance principle, I am sure,—although the regulations have not yet been worked out—will only apply to ordinary depreciation. Double depreciation is a right that the owner will have, which he can take advantage of if the earnings permit; but the government would not insure sufficient earnings to guarantee his ability to take care of double depreciation.

Mr. TIMMINS: It seems a reasonable conclusion that the minister does not intend that double depreciation shall be any part of this rental insurance plan.

Mr. HOWE: No.

Mr. TIMMINS: Coming to the rental insurance plan, I rise to ask him some questions with respect to these items.

Mr. HOWE: May I suggest that the hon. member is now discussing details of the bill, which is not before us? Would his questions not be more appropriate when we are considering the bill?

Mr. TIMMINS: The minister is quite right. As I understand it, this project of rental insurance will have nothing to do with the construction of low-cost rental houses.

Mr. HOWE: It will apply to the lowest-cost apartment houses that can be built, I assure the hon. member. It is not our intention to insure rentals of luxury apartments. They must be the lowest-cost apartment buildings.

Mr. TIMMINS: In his remarks on the resolution the minister referred to rentals not over $80 per month; and in his statement as reported at page 3642 of *Hansard* he said:

> It is likely, however, that most of the new houses will be in the moderate rental field because that is the type of housing in which landlords and builders are interested.

I am suggesting to the minister that when he refers to "the moderate rental field" he means something above the low-cost field.

Mr. HOWE: No. It is the bottom of the apartment house band. Eighty dollars a month for a fully-serviced apartment—which means heat, light, and all services—is not a luxury apartment, to the best of my knowledge.

Mr. LOCKHART: How are the people going to pay that?

Mr. HOWE: What does the man who rents a house for $40 a month pay for his coal, light and other services? He pays that. The hon. member laughs.

Mr. LOCKHART: No, he does not pay $40 a month.

Mr. HOWE: Let us be realistic about this.

Mr. LOCKHART: He does not pay $40 for those services.

Mr. HOWE: I am not so sure.

Mr. LOCKHART: The minister may not be so sure, but I know he does not. If the minister does not know that, I do.

Mr. TIMMINS: Under this plan is it intended that not only will the builder, investor or professional landlord have sufficient revenue to take care of his taxes, interest on mortgage indebtedness, operating expenses and repairs, but over and above that, no matter what, he shall have a return of two per cent on the money which he has invested?

Mr HOWE: Yes. The insurance should cover those items.

Mr. NICHOLSON: When the minister was speaking on May 5, he outlined this new principle in rental housing, this matter of rental insurance. He says that if the resolution is adopted, more detailed examination of the proposal can be made when we are in committee of the whole. As this is a new principle, I think the minister at this stage should be prepared to tell us just how it works and to give us more details than he has given today.

Mr. HOWE: The bill carries the detail. We are discussing the principle today. I think the principle is fairly clear. The purpose is that for a consideration the mortgage company will issue an insurance policy which guarantees that, for a period, the revenue from the building will amount to a minimum sufficient to pay the charges which were just mentioned by the hon. member for Parkdale. That is the principle of the bill.

Mr. TIMMINS: The minister mentioned a term. Do I understand that this term of guarantee for insurance will be thirty years?

Mr. HOWE: It could go up to thirty years. It will probably be for a lesser period. It will depend on the term of the mortgage agreement. Certainly it may go beyond the term of the mortgage agreement. This bill gives the right to insure for that maximum period.

Mr. TIMMINS: The term of the mortgage is thirty years. There is a specific term in respect of the insurance. Do I understand that the government will be tied into this plan for a matter of thirty years?

Mr. HOWE: Under the provisions of the bill the term of the mortgage is not to exceed twenty years. That is the difficulty which arises in discussing the bill when we have not the bill before us. As I say, if the hon. member will wait until the bill is brought down, the basic principle will be much clearer.

Mr. TIMMINS: The resolution reads:

. . . and to make loans to owners of rental housing projects not exceeding in amount eighty-five per cent of the estimated cost thereof; to authorize central housing and mortgage corporation to guarantee an annual return of an amount to be determined by the corporation of rentals from rental housing projects for a period not exceeding thirty years . . .

Is that part and parcel of this insurance plan, and if so, what is the factor of thirty years?

Mr. HOWE: It is felt that we should take power to insure the transaction to a point where the builder of the apartment can be completely paid out. It has nothing to do with the term of the mortgage, which is restricted to twenty years. The corporation, of course, will make an appropriate transaction for a special case, and it is taking the right to insure for the full term of thirty years if the circumstances seem to warrant this being done.

Mr. TIMMINS: Then the minister said the arrangement "would retain the debtor-creditor relationship." Does this mean the builder goes on the covenant of the mortgage and remains there as an ordinary debtor in respect of the mortgage?

Mr. HOWE: That is what it means.

Mr. TIMMINS: Or does he get off it?

Mr. HOWE: It means just that.

Mr. TIMMINS: It means which?

Mr. HOWE: That he does exactly as my hon. friend says; he stays on the covenant.

Mr. TIMMINS: He is a convenanter?

Mr. HOWE: Yes.

Mr. TIMMINS: He has to pay for the insurance he gets?

Mr. HOWE: Oh, yes.

[Mr. Howe.]

Mr. TIMMINS: Since we are dealing here with a principle which underlies all housing, will the minister indicate the size of the commitment his department is prepared to recommend in respect of this insurance angle? Will he also put on record the amount of money this government is obligated for in guarantees under housing up to the present time? For instance, we are obligated for a very large amount of money on loans under the National Housing Act. I understand we are also obligated to some extent in connection with Housing Enterprises Limited. We are also obligated to the builders in respect to integrated housing. Could we have something put on the record before this resolution passes which will indicate whether in fact we are not subsidizing housing now and give us some idea of the extent to which we are obligated?

Mr. HOWE: Our cash obligation under housing act loans is about $8,000,000.

Mr. LOCKHART: Is that the over-all?

Mr. HOWE: That is on loans under the National Housing Act. That is what our cash guarantee to the mortgage companies amounts to.

Mr. TIMMINS: We are obligated for hundreds of millions of dollars, are we not, in respect of all our housing enterprises?

Mr. HOWE: Housing Enterprises has been taken over and paid out. We own it.

Mr. TIMMINS: I was not referring specifically to that corporation, but to all our housing projects.

Mr. HOWE: My hon. friend would like to know how much money the government has invested in housing?

Mr. TIMMINS: No, not particularly what we have invested, but the amount of guarantees we have given.

Mr. HOWE: About $8,000,000. Those are the guarantees in the mortgage pool. We have an insurance pool on National Housing Act loans, and at the moment our liability to that pool is about $8,000,000.

Mr. TIMMINS: Then in respect of this rental insurance, does it contemplate detached and semi-detached houses as well as multiple houses? Would a person building eight houses come under this scheme, or must it be multiple housing?

Mr. HOWE: There must be eight family units involved. It does not matter whether it

is horizontal or vertical, as long as there are eight units involved in one building.

Mr. TIMMINS: That is the minimum?

Mr. HOWE: Yes.

Mr. McLURE: I think I am in order in referring to a question I asked the minister on May 3, which appears at page 3535 of *Hansard*. At that time the minister said he was going to get the information on my question, which had to do with housing in Charlottetown. As the minister knows, housing projects on behalf of veterans there have not amounted to a great deal. Some three years ago an emergency housing plan was put into operation by the city, and one hundred families of veterans are still living in this emergency accommodation at the airport. The city carried it on for one year; then the provincial government took it over and has continued it up to the present. Now they have given these one hundred families notice that they must get out within a short time, because this property has been declared surplus and will be sold in the course of a month or so. I wanted to know if it is the intention of the minister to continue to provide this emergency housing for these veterans until such time as his department can do some building for them.

Mr. HOWE: We have no information on the proposal mentioned by my hon. friend. I might explain that the emergency shelter was provided under agreement between the city of Charlottetown and the federal government. The federal government contributed the wartime buildings and paid half the cost of conversion, and under the agreement the city was to operate the property and collect and retain the rentals. After a period the city dropped the project and refused to carry it on any further. The provincial government took over the city's obligation, so to all intents and purposes the provincial government are the owners and operators of the project. There would be no reason why they would let us know their plans, but we have not been advised of any plan such as that mentioned by my hon. friend.

Mr. NICHOLSON: On May 5, at page 3641 of *Hansard,* the minister said:

> The builder and the landlord know that economic rentals at today's level will see them through. However, they doubt whether present rentals will be maintained.

And at the top of the next page he went on:

> This guaranteed rental will be about eighty-five per cent of the economic rental which the owner may charge his tenants during the first three years. The owner will pay a premium for his rental insurance at a rate to be set by the governor in council. Provision is made for a lending institution to make loans up to eighty-five per cent of the estimated cost of the rental housing project. These are to be direct loans with all the funds to be advanced by the lending institution, rather than the usual joint loans under the National Housing Act.

The reason given was that there is very little risk involved. I submit, Mr. Chairman, that this is a very unfair type of subsidized housing. It is subsidized housing for the people who are prepared to pay up to $80 a month, and all hon. members know that this includes only a very small proportion of the Canadian people, a group who, as I mentioned the other day, somehow or other can find living quarters without subsidy. While there is no hard and fast rule, I think it has always been accepted that one should not pay more than two years' income for his housing, so the people who will occupy this housing should be those receiving at least $4,000 a year. For those getting only $1,000 a year the maximum would be $2,000. The majority of Canadians are not getting $4,000 a year and cannot afford to pay what is required to service that type of housing accommodation.

This is a case of heads I win, tails you lose, as far as the lending institutions are concerned. The minister states that under present inflated conditions landlords are prepared to build houses, and that they can find economic rentals. We are to have a three-year testing period, so it would seem that the government is counting on the depression being at least three years away. I am not one of those people who accepts the opinion that a depression is just around the corner, with the cost of living going up—

Mr. HOWE: When did you change?

Mr. NICHOLSON: I think it is not just around the corner; it will come some time; but it is not very close.

Mr. HOWE: Your story is that a depression has been around the corner since 1943.

Mr. NICHOLSON: I am not one of those who predicted a depression since 1943.

Mr. KNOWLES: The minister is making provision for it in the bill.

Mr. NICHOLSON: The cost of living is going up every month, and the lending institutions are prepared to build houses now and to accept 85 per cent of the rentals during the first three years. It is obvious that they are able to get a good deal more than economic rentals at the present time. The shortage of housing is so acute that rentals run at $100, $125 or $150, as members of parliament have

found when they have come to Ottawa and looked for housing accommodation during the session. One can sell or rent a house at the present time for almost any price.

The government's own publication supports my theory that we are overbuilt for people who can afford to pay for units running at $8,000.

Mr. HOWE: Would my hon. friend tell me where he finds that quotation?

Mr. NICHOLSON: I have not the statistics here; but the people who can afford houses at $8,000 are those who are getting $4,000 a year or more; and your own bureau of statistics, which comes under the Department of Trade and Commerce, has published all kinds of material to support my claim that we have built more housing than can be bought and paid for by people who are getting $4,000 or $5,000 a year and upwards.

What we are doing now is to guarantee that lending institutions will have a three-year testing period, and that they will have at least 85 per cent of the maximum rentals they can collect during that period. Then, for a period of twenty or thirty years they will be guaranteed at least the taxes, the debt services, the operating expenses and a reasonable return of two per cent on the investment. I submit that this is discriminatory legislation, and that it should be carefully scrutinized by the people of Canada.

I say that if the lending institutions want a guarantee of that kind they should not be permitted to take advantage of the increase. I believe costs are likely to go up in the next year, and the lending institutions are in a position where they can take advantage of the increase in the event of prices going up. They are guaranteed 85 per cent of prevailing rates, which are well above the cost of economic rentals, over a period of time. So at this stage I offer my protest against this type of discriminatory legislation which will serve to subsidize a small group of people in the higher income brackets.

Mr. HOWE: I cannot follow my hon. friend at all. In the first place, lending institutions do not build houses. I do not know why the hon. member is talking about lending institutions; he seems to have them on the brain. I do not know of a single lending institution in Canada that builds houses, apartments or anything else. Those institutions lend the money to others who do the building. But they do not lend the full amount, and they do not collect rents.

[Mr. Nicholson.]

Mr. NICHOLSON: We have not the bill before us, but it would seem that the rental insurance is limited to the class of housing which is needed the least. They will have 85 per cent of the guaranteed rentals, plus these other items I have mentioned, plus two per cent; so that they are in a perfect position. The details are not before us, but we shall have them soon. Apparently some people in Canada will have this guarantee, and it is expected that they will build some housing. If not, I do not know why we are wasting our time in a discussion of the legislation.

Mr. HOWE: It is exactly the same as the position where a life insurance company is willing to guarantee my hon. friend, by taking the risk that he will live for a certain period of time. They may be too optimistic and they may be too pessimistic, but on the average they are about right. We are not guaranteeing anything. We are selling insurance on that prospect. My hon. friend has been saying, for the last four years, that a depression is just around the corner; anybody would have been right in betting against him there; anyone who had insurance against falling rentals would have been more right than my hon. friend. If my hon. friend is right and a depression is just around the corner, it might be expensive insurance. In other words, if I am right when I say I believe that this is a growing country and that it is likely to continue to grow and prosper, it would not be expensive. In any event, the government is setting a rate which it believes protects the situation in either direction.

MR. LOCKHART: I do not wish to hold up the resolution; but I gather from what the minister has said—somewhat heatedly at times—that any information with respect to the winding up of Housing Enterprises and the taking over by Central Mortgage and Housing Corporation, and information respecting Wartime Housing Limited, will all be available when the bill is before us?

Mr. HOWE: Yes. I had hoped to have it available now; I sent one of my officers out to get it.

Mr. LOCKHART: Then I shall suspend until later further questions I have to ask.

Mr. MacINNIS: I am glad the minister is so sure there will be no depression. If we could get that optimistic assurance over to the builders who build the houses we might have some houses built. That is the trouble, as was indicated the other day when he intro-

duced the resolution; he cannot get the builders to see it that way. Consequently the government or the people of Canada have to take the shock.

At page 3641 of *Hansard* he said:

> We have made a careful examination to ascertain the main reason for lack of rental housing by the entrepreneur. A number of builders engaged in the rental field have been interviewed and the whole situation has been thoroughly canvassed. It will be remembered that rentals upon new units are no longer under rental control.

The field has been cleared for them. He continued:

> Economic rentals in relation to today's costs are readily available. It is our own belief that the main deterrent to new rental construction is the fear that although economic rentals will support present capital costs, the day will come when comparable rental units can be built at a lesser figure, with correspondingly lesser rentals.

Well, when the depression comes, prices will fall. He continued:

> The builder and the landlord know that economic rentals at today's levels will see them through. However they doubt whether present rentals will be maintained.

Mr. HOWE: I might point out that we can theorize all we like. I can have my theory of the future; my hon. friend can have his, and the hon. member for Mackenzie can have his gloomy picture of the depression around the corner. But the opinion which is important is that of the investor who ordinarily builds houses, and who can build or not as he likes. Neither the hon. member nor I can pass laws or theorize in any way to compel him to build houses if he does not feel like doing so.

Mr. KNOWLES: The minister has just said that the investing company does not build houses.

Mr. NICHOLSON: I do not object to the minister's having theories, but I object to his finding fault with us when we have theories which agree with the theories which he finds among those who are expected to invest in houses. The fact of the matter is that investors will not invest without a government guarantee.

Mr. HOWE: Probably investors believe my hon. friend. His election campaign in 1945 was fought on the belief that there was a depression just around the corner, and he had many supporters in that election. Perhaps many investors believed he was right at that time, and still believe he may be right in the future.

Mr. NICHOLSON: Apparently the minister did not follow my election campaign in 1945 very closely. He has not heard me say anything in the house about a depression. But what I do know is that under our present system a depression will come, unless the minister can find some way out. There are ways out.

Mr. TIMMINS: I should like to ask a question based on the last part of the resolution. Provision is made for the dissolution of Wartime Housing Limited. I understand that at the present time it has under way a great many houses. Is it intended that Central Mortgage and Housing Corporation shall continue to the completion of those houses, and that from year to year they shall continue with the work begun by Wartime Housing Limited? Further, is it intended that the Department of Reconstruction and Supply shall in the course of time, or shortly, go out of existence; and that housing in future will all be handled by Central Mortgage and Housing Corporation? Can the minister tell us why it was necessary to change from Wartime Housing Limited to Central Mortgage and Housing Corporation?

Mr. HOWE: It is simply giving legal effect to a condition that exists today. Wartime Housing is a separate corporation charged with the building of houses for the federal government. The houses are owned by the crown. As a matter of fact, the staff of Wartime Housing Limited has been merged with the staff of Central Mortgage and Housing Corporation, although the two corporate identities still exist. We feel that we are getting far enough away from the war that "Wartime Housing" is no longer an appropriate name. We see no purpose in maintaining two corporate structures when one in fact is doing the work.

Wartime Housing Limited has no staff except a skeleton board of directors. Central Mortgage and Housing Corporation is collecting the rents of the houses owned by the crown in the name of Wartime Housing Limited and charging a fee for doing so. Central Mortgage is really performing the work and directing building activities.

Mr. TIMMINS: Is it intended that Central Mortgage and Housing Corporation will conduct all housing projects in future and that the Department of Reconstruction and Supply will fold up shortly?

Mr. HOWE: I do not know that the two are related. Central Mortgage and Housing Corporation is a crown company and always has been a crown company. At the moment it reports to the Minister of Reconstruction and Supply, and it will report to some minister, regardless of the future of the Department of Reconstruction and Supply. I

suppose the Department of Reconstruction and Supply will fold up when the particular functions of that department are liquidated, but I cannot say when that will be.

Mr. JOHNSTON: What date was the rent control taken off new housing construction?

Mr. HOWE: February, 1947.

Mr. JOHNSTON: It seems to me that there is a degree of unfairness here. I think the underlying principle for the taking off of rent control in the case of new buildings was that the cost of construction was going up and that houses were badly needed. I had an instance drawn to my attention not long ago where a house being constructed was rented at the beginning of 1947. It was a privately constructed house being built for rental purposes. This house was rented in January and the rent control was taken off in February. Although it was rented, the final completion of the house did not take place until another five or six months had passed. If I recall rightly, there were some doors between the kitchen and dining room or something like that which could not be obtained and the house was not actually completed until well after February.

Because the house was rented before the cut-off date, the rent was controlled, but another man who had completed a house just after that did not have his rent controlled. This man could have refused to rent his house on the ground that it was not fully completed. If he had waited after the cut-off date his rent would not have been controlled. I think cases like this should receive a little more consideration.

I should like to say something about the subsidizing of new houses. No doubt it would cost the government a good deal to subsidize low-rental housing. The government are taking the position that because of increased costs of construction, material and labour, they do not think it would be profitable for them to go into the housing business. They feel that they could not afford to build houses to rent at the set rentals.

Surely, if the government cannot afford to go into building, we cannot expect the private individual to enter this field. If neither the government nor the private individual goes into the construction of low-rental houses, who is to build them? There is a drastic shortage of houses, and if you take these two parties out of the building field it means that no houses will be built.

If one reviews the building permits issued by the different municipalities he will find a falling off in the building of rental houses and house construction generally. It is true that there is an increase in commercial building, but that will not solve the problem of rental housing. It does seem to me that the government will have to reconsider the possibility of subsidizing low-rental housing. I do not see how you are going to stimulate this type of building unless that is done. Private individuals cannot afford to erect houses at the price suggested the other day by the minister, that is, $6,800, to rent at $37.50 a month. They just cannot do it.

There is just one other thing I should like to draw to the minister's attention. I refer to the contract which has been used in the past and which I presume Central Mortgage and Housing Corporation is using. This is the standard form of contract. I spoke at some length on this a year ago when I had the contract before me and I do not propose to review at this time all that I said on that occasion.

It seems to me that when a man has made the payments required by the lending institution he should have a fair equity in his place, but the existing contract states that if a man fails even in his last payment he loses all equity in his place. In fact he could be prosecuted as a trespasser if he did not get out after having been given notice. It seems to me that that is unjust, and I think the minister should draw up a new contract where a man would have an equity in his place according to the payments he had made.

Such a provision would give some incentive to the man buying a house. He would know that, as payments were being made, his equity would be increased. Last year I placed the particular clause in the contract on *Hansard*. As I say, that clause would permit a man losing every cent he had paid in, and I do not think that is right. I agree that this is the standard contract, but I do not think it is a just contract. The contract should be revised and a new one made, so that the buyer will not lose all his investment. When we are discussing the clauses I shall endeavour to have the contract with me, and perhaps we can go into it then in greater detail. In the meantime I wish the minister would review the contract with a view to making it more equitable for the purchaser.

Mr. HOWE: My hon. friend spent some time in proving that no one could build a low-cost house at present prices, but in the first three months of this year there have been more houses started than in any previous three months in our history. So his reasoning is not borne out by the facts.

Mr. JOHNSTON: Is there a $7,000 house renting for $37.50?

Mr. HOWE: I would not say that there is.

Mr. JOHNSTON: That is my point. The cost is so high that the entrepreneur cannot build a house to rent at that figure.

Mr. HOWE: Who knows whether next year or the year after, costs will not be higher? They were higher in 1945; they were higher in 1946; they were higher in 1947; they are higher in 1948, and possibly they will be still higher in 1949. When is a man to make up his mind whether he wants a house or not? If he is married and has a child or two he cannot just wait until prices suit him. He has to build or go without a house.

Mr. JOHNSTON: Then he may take a very great loss.

Mr. HOWE: So far as equity insurance is concerned, I do not know any way in which a man can preserve his equity other than by keeping up his payments. No one can take away a man's equity in his home except the courts, and in a case of hardship the court will appreciate the representations made.

Mr. JOHNSTON: Would not the court have to be governed in its decision partly by the contract a man signs?

Mr. HOWE: Perhaps, but courts have been known to be lenient in hard cases.

Mr. JOHNSTON: In the contract, if the man fails to make one payment, he waives all his rights, even to go to court.

Mr. HOWE: Oh, no. Nothing can take away a man's right to go to court.

Mr. JOHNSTON: Yes, according to this contract, and that is one objection I have to it.

Mr. NICHOLSON: In connection with the winding up of Wartime Housing, I was critical of this major venture of the federal government into the housing field early in the war, on the ground that many of these would be permanent houses, but I agree readily that the people living in them were happier because they were better and more cheaply housed than they otherwise could have been. I find by the annual report of Central Mortgage and Housing Corporation, at page 55, that the estimated completed cost per unit is just over $5,000, for housing, supplementary buildings, land improvements, covering 31,000 units. At pages 44 and 45 of the report I note that these units are being sold at an average of $2,500. My understanding was that an undertaking was given to the municipalities that the houses would not be sold but would be demolished in due course. I note, however, that in Halifax, Montreal, Quebec and Victoria these houses are being sold. I take it that the local authorities have been consulted. Would the minister make a statement as to whether or not these wartime houses are not a fairly good investment from the federal point of view, and should they be sold at $2,500 per unit when they cost $5,000, and costs have been going up since then? Most of these houses have been kept in fairly good repair and it would seem to me that it is not wise to dispose of them at this price at this time. I know the veteran deserves special consideration, but the veterans should get housing of a little better quality than wartime housing. Would not the 31,000 units be a good investment for us to keep for a few years, and does $2,500 seem a fair price to be getting for them?

Mr. HOWE: The $5,000 average cost includes a good deal of land development; in fact $13,000,000 is in there for land development. Generally speaking, the houses being sold today for $2,500 to $3,000 did not cost $5,000, although that may have been the average cost of all houses. Generally speaking, the houses now being sold were built under low-cost conditions. One reason why we are selling wartime housing is that we are in an indefinite position with regard to it. These houses were built under contract for the duration of the war and one year thereafter, and in most cases these agreements with the municipalities have not been renewed; so that we are in the position of being obliged to remove the houses from the land at any time the municipalities ask us to do so. Our protection is that all the houses are occupied and we are not likely to be asked to move them, but the uncertainty of tenure is such that the crown is hardly warranted in spending money on such houses. Before we sell a house to a veteran we put in a concrete foundation, if the house does not have one, and we replace the wartime steel chimney with a brick chimney, and generally put the house in first-class shape before we sell it to a private owner, who has rights to the property and security of tenure. That seems a better disposition of these houses than the present indefinite position.

Mr. NICHOLSON: At page 3639 of *Hansard* the minister referred to encouragement given for the additional production of soil pipe and plumbing fixtures. Can he give us details of what assistance has been given? At page 3642 the minister refers to the discussions

that have been held with the Canadian federation of mayors and intimated that there is a softening-up process and that, so far as he is concerned, he is prepared to discuss with the provinces and the municipalities solutions of present difficulties. When I raised the question in the house on March 18 as to whether the minister had given leadership in convening such a conference he replied, no. Can he state now whether there is any possibility of his taking the initiative in convening a conference with provincial and municipal authorities to discuss the whole question of housing?

Mr. HOWE: The minister meets with the provinces whenever they care to discuss with him any housing project, but he has had experience enough to know that representatives of nine provinces meeting in one room and holding diametrically opposite views can agree on nothing. If any province wishes to discuss any matter with me, and they practically all do from time to time, these discussions are held either in the province or in Ottawa.

There is nothing new to report on soil pipe or plumbing. Additional capacity was provided by Crane on a subsidy basis for excess production of bath fittings, on a basis of two cents a pound. The only other subsidy was to a firm in Winnipeg which had built additional capacity for producing soil pipe. I have not the details.

Mr. TIMMINS: Earlier I asked a question in all seriousness in regard to the production of nails. Builders in Toronto are in a desperate position in regard to nails. Representations have been made to the minister's department to see what can be done to cut through whatever obstacles are holding up production. Apparently at the present time the wire is not available, and I understand that the minister has control of the disposition of wire materials to various firms. I wonder if he would make a statement, if not now, at any rate within the next day or so when he has all the facts before him. This is not a facetious matter; as far as I am concerned, it is of considerable importance.

Mr. HOWE: I shall be glad to state the position. I thought everyone had understood it. The bottleneck is not in nail-making machinery, but in the amount of wire rod that this country is capable of producing. Wire rod is divided between nails, bailing wire, barbed wire fencing and one or two essential uses to which wire is put. We cannot step up the amount of wire which the rolling mills can produce. It would take years and a heavy capital investment to do so. All we can do is to divide as fairly as we can the material that the mills can produce as between the manufacture of nails and the manufacture of other commodities. I have asked our people to give all the preference they dare to give to nails, and we are going to take a bite out of wire products. There will be complaints about that, but you cannot distribute more than there is in toto. We are in process of diverting wire from other uses into nails. We are not going to make any barbed wire for a few months. I hope hon. members who have been worrying about nails will not start worrying about other products, because that is the only way to get more nails. In March, 1948, we produced 142,000-odd kegs of nails as against 130,000 odd in March, 1947. We are producing more nails than we ever produced before, but the complaints continue. I am disposed to go full out and fill every hardware store with nails and have people complaining about something else for a while. That is what we are going to do. We shall doubtless get other complaints.

The DEPUTY CHAIRMAN: I do not think we should enter into any long discussion on nails on this resolution.

Mr. KNOWLES: You cannot build houses without nails.

The DEPUTY CHAIRMAN: We have to observe some order.

Mr. TIMMINS: There is one other feature to which I wish to refer. There are 12,000 wartime homes which the minister announced last October he was prepared to have built by Wartime Housing Limited, but apparently that number of houses will not be built because the municipalities have not all signified their intention of carrying on with the project. These projects have priority for nails, and the thought I am trying to express is that Wartime Housing Limited has been receiving more than its share of nails, and in respect of builders building under integrated housing, they have been receiving probably more from month to month than they should have been given. My informant, a reputable builder, tells me that when he went into a large wholesale house to get nails there was plenty available, but most of the nails went to three builders who were under the integrated plan, and the rest of the nails had to be divided among about 100 other builders. The hardware wholesaler was trying to do the best he could, but the fact was that the builder—I am referring to a private builder who incidentally carries on with the assistance and co-operation of Central Mortgage and Housing Corporation—could not get enough nails to go on with his project. Would the minister look into that to see whether or not some of these government agencies, such as Wartime Housing and integrated housing,

are getting more than the amount they need to carry on from month to month, and whether others are getting their share?

Mr. HOWE: Any contractor who is building veterans' houses under any government plan can get his quota of nails. That quota is definite. His priority is for five kegs of nails per house, and that is all. I have looked into the stocks of nails in the hands of contractors for veterans houses, and they never exceed more than half a keg of nails per house under construction. It is all very well to theorize and to say that no one else can get nails because veterans houses get more than their share, but five kegs per house is, by all experience, the actual requirement for the type of house that is built under the government plan. The stock position is carefully watched. Everyone seems to feel that whereas he cannot get nails, everyone else has plenty. That is not the case at all. I do not know of anyone who has plenty. The veterans priority affords enough nails, which we guarantee under the government plan.

Mr. MACDONNELL (Muskoka-Ontario): I have never spoken about nails before, but I am interested in nails today because I was approached on Saturday in my riding and told that nails were in scarce supply in Huntsville. I have a strong recollection that not long ago the minister said it was not a question of shortage but a question of distribution. Am I wrong in that?

Mr. HOWE: Conditions change from month to month. Speaking last winter, I said that the amount of nails produced was about equal to the amount consumed. This is the height of the building season, and builders are using more nails than they were when I made the statement about production being equal to consumption.

Resolution reported, read the second time, and concurred in. Mr. Howe thereupon moved for leave to introduce Bill No. 280, to amend the National Housing Act, 1944.

Motion agreed to and bill read the first time.

ROYAL CANADIAN MOUNTED POLICE

CONTRIBUTORY SUPERANNUATION SCHEME—COMPENSATION FOR INJURY SUSTAINED IN COURSE OF DUTY

The house resumed from Wednesday, April 28, consideration in committee of Bill No. 211, to amend the Royal Canadian Mounted Police Act—Mr. Ilsley—Mr. Golding in the chair.

The DEPUTY CHAIRMAN: Section 10 stood.

Right Hon. J. L. ILSLEY (Minister of Justice): All of clause 10, which is a very long clause, was passed with the exception of that re-enacting and amending section 91 of the act. I asked that that stand because there was an error in one of the paragraphs of section 91—(1) (j). I should like to have two amendments moved. The first is:

That subparagraphs (iii) and (iv) of paragraph (j) of subsection 1 of clause 91 of Bill 211 be deleted and subparagraph (v) be renumbered as subparagraph (iii).

I will explain the other amendment now. I will have them both moved because they are related. The other amendment is:

That clause 91 of Bill 211 be amended by adding thereto the following subsection as subsection (3):

"(3) a period during which a member of the force served as a special constable in the force or as a member of a provincial police force may in accordance with regulations be deemed to be a period during which the member served in the force and to be service for the purposes of this act."

The defect in the present section is that those who serve in a provincial police force cannot count their time in the provincial police force in the twenty years after which they may retire. This enables them to count that period. Perhaps we can take the motions one by one. I will ask my colleague, the Minister of Fisheries, to move the first amendment.

Mr. MacKINNON moved:

That subparagraphs (iii) and (iv) of paragraph (j) of subsection 1 of clause 91 of Bill 211 be deleted and subparagraph (v) be renumbered as subparagraph (iii).

Amendment agreed to.

Mr. ILSLEY: Then I will ask my colleague, the Minister of Fisheries, to move the other motion which I read to the committee.

Mr. MacKINNON moved:

That clause 91 of Bill 211 be amended by adding thereto the following subsection as subsection (3):

"(3) a period during which a member of the force served as a special constable in the force or as a member of a provincial police force may in accordance with regulations be deemed to be a period during which the member served in the force and to be service for the purposes of this act."

Mr. MACDONNELL (Muskoka-Ontario): The earlier part of (j) says "service means time served in the force" and so on. In other words, there is a definite statement that that service counts. Then, when we come to subsection 2 and, in particular, to this new subsec-

tion 3 it says, "a period during which a member of the force served" and so on "may be deemed to be a period", and so on.

Mr. ILSLEY: Yes.

Mr. MACDONNELL (Muskoka-Ontario): What is the reason for that? That is apparently in the discretion of somebody. It is not something that is as of right.

Mr. ILSLEY: A great deal of the language of this section is put in that way. It is permissive instead of the reverse. "May" is used frequently. It does not have any significance particularly. He is entitled to retire after twenty years of service. The point here is this. Paragraph (j) defines "service" as meaning "time served in the force" and includes the other periods of service such as in the civil service and on active service. That counts in the period for which pension is computed. But service in the force is a different matter. There are other sections which say that, after twenty years service in the force, members of the force may retire or may go out of the force. That does not mean twenty years consisting of ten years in the civil service and ten years in the force, or ten years in the active forces and ten years in the force. That means twenty years as a policeman, as a member of the police. But the way in which this section was drafted it meant that somebody coming in from a provincial police force would have to serve twenty years in the R.C.M.P. in addition to service in the provincial police force. This amendment makes it clear that twenty years service in the force after which the member may retire includes service in the provincial police force. This is an amendment on the side of the members of the force, not on the side of the crown.

Amendment agreed to.

Mr. ILSLEY: The other section that stood over was section 110. The amendment that I propose to that section is this:

That subsection 3 of clause 110 of Bill 211 be deleted and the following substituted:

"(3) For the purposes of the application of schedules "A" and "B" of the Pension Act under this section, the ranks in the force set out in the following table shall be deemed to correspond to the military ranks in respect of which the rates of pension set out in the attached table were applicable on the thirtieth day of September, nineteen hundred and forty-seven:

Rank in the force	Rate of Pension
Commissioner or Deputy Commissioner	$2,160
Assistant Commissioner	1,512
Superintendent	1,248
Inspector with over three years service in that rank	1,008
Inspector with less than three years service in that rank	800
Sub-inspector and lower ranks	720

[Mr. Macdonnell (Muskoka-Ontario).]

These figures I have given are not necessarily, nor are they actually in most cases at any rate, the pensions which they will receive. These figures are merely put in for the purpose of identifying the ranks to which certain ranks in the R.C.M.P. will correspond. We do not know yet what the actual pensions under the Pension Act will be. That matter is under consideration by a committee of the House of Commons, and must come back and be discussed here in the house or in committee of the whole. So we take the last date as to which we can be certain. We know that, under any proposal before the house, any change in the pension rates will not go back before the first day of October, 1947. So we take the rates which were applicable on the 30th day of September, 1947, and we put them in one column; and then opposite the rate we put certain ranks in the forces which I have read. This would mean, for example, that to find out the pension which would be applicable to the rank of assistant commissioner, you look in your Pension Act schedule, find the figure $1,512, which was the rate at September 30, 1947, and see to whom that applies. I do not know to whom that applies. It may apply to a colonel or it may apply to a major. Well, that means the assistant commissioner will receive the pension the military rank receives, whatever he gets in the future. This is merely a method of identifying certain ranks in the force with certain ranks in the army.

It may be the question will be asked at once, why do we not name those ranks? The police have strong objection to naming the ranks, because they say they do not wish in any statute to say the commissioner is a general, or the assistant commissioner is a major, or anything like that. They say that caused trouble in the past, in some way about which I do not know. At any rate they take exception to having that put in statutory form, so we resort to this somewhat indirect method of determining what rates will be applicable to members of the force when they are pensioned for disability. This applies only to pensions for disability and death.

Mr. KNOWLES: I think the minister explained his intention and the situation quite clearly, both today and on April 28. May I ask if he would indicate the section which makes it certain that, when a constable has had his comparable rank designated, he will get the pension of that comparable military rank?

Mr. ILSLEY: It is at the beginning of section 110 and reads:

110. (1) Subject to this section a pension, in accordance with the rates set out in schedule A or B of the Pension Act, or compensation in

respect of medical and hospital expenses at such rate and in such manner as the governor in council may, by regulation, prescribe, or both such pension and compensation, shall be awarded to or in respect of persons to whom this part applies who have suffered disability or who have died, when the injury or disease or aggravation thereof resulting in disability or death in respect of which the application for pension or compensation is made, arose out of or was directly connected with service in the force.

That is the operative section which makes the Pension Act apply.

Mr. KNOWLES: I understood the other part very well, but I find some difficulty here. The section the minister has just read says these benefits or pensions may be paid at such rate and in such manner as the governor in council may by regulation prescribe.

Mr. ILSLEY: No, that is not what it means. It means the pensions are to be payable at the rates set out in schedules A and B of the Pension Act, but that the compensation in respect of medical and hospital expenses shall be at such rate and in such manner as the governor in council may by regulation prescribe.

Mr. KNOWLES: Thank you; that is what was confusing me.

Mr. MACDONNELL (Muskoka-Ontario): I am afraid I am a little confused, too. The amendment provides:

> For the purposes of the application of schedules "A" and "B" of the Pension Act under this section, the ranks in the force set out in the following table shall be deemed to correspond to the military rank . . .

And so on. As I understand it, this is an indirect way of fixing the pension rates, by saying these various people in the force shall be deemed to have pensions at the rank which carried these rates of pension last September?

Mr. ILSLEY: That is right.

Mr. MACDONNELL (Muskoka-Ontario): In other words, this is an indirect way of doing it; instead of saying the commissioner or deputy commissioner shall have $2,160, you say you find that $2,160 was the rate of pension for a colonel, say?

Mr. ILSLEY: Yes.

Mr. MACDONNELL (Muskoka-Ontario): Therefore it gets to the point where he is to have the pension, or emolument, or whatever it is, of a colonel, as that emolument may vary from time to time?

Mr. ILSLEY: That is correct.

Mr. SMITH (Calgary West): The minister said a moment ago the police officers were anxious not to have a comparison made with army officers. I can understand that, and I know the reason for it. But do you not think this accomplishes just the opposite to what they wish?

Mr. ILSLEY: There is no other way to do it.

Mr. SMITH (Calgary West): I do not know of any other way; I am not suggesting one.

Mr. MacKINNON: I move the amendment.

Amendment agreed to.

Section 10 as amended agreed to.

Title agreed to.

Bill reported, read the third time and passed.

PRISONS AND REFORMATORIES

PROVISION OF INDETERMINATE SENTENCES FOR PROVINCE OF BRITISH COLUMBIA

Right Hon. J. L. ILSLEY (Minister of Justice) moved the second reading of Bill No. 214, to amend the Prisons and Reformatories Act.

Mr. MACDONNELL (Muskoka-Ontario): Will the minister make a statement on this bill?

Mr. ILSLEY: If the house would like me to do so I can give a brief explanation of this bill. This provides a system of indeterminate sentences in the province of British Columbia in the same way that this system operates in the province of Ontario. In British Columbia they have established an institution called New Haven, where a serious attempt will be made to bring about the reform of certain prisoners who are sent there. In British Columbia it is considered that the Ontario system is good, and that it should be adopted in that province. This bill takes the sections of the Prisons and Reformatories Act which are applicable to Ontario and, I think without much if any change, applies them to the province of British Columbia.

Mr. MacNICOL: What other provinces have the same system as Ontario?

Mr. ILSLEY: None.

Mr. MacNICOL: Then why not extend it to Quebec and the other provinces?

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

On section 1—Imprisonment in New Haven.

Mr. MacNICOL: I believe the Ontario system is working very satisfactorily. Would the minister be able to say just what assistance

the court in Ontario, which is referred to in this act, is to the operation of the whole penitentiary and penal system?

Mr. ILSLEY: That is a big order; but they do have a system of indeterminate sentences there. They also have in Ontario a parole system. Perhaps I should have said, when I spoke on second reading, that it also introduces a parole system in British Columbia. A parole board is to be appointed there, just as it is in Ontario. None of the other provinces has asked for it. That applies to all sentences to provincial institutions.

Mr. MacNICOL: That hardly answers my question. I have often appeared before the parole board at Queen's Park in Toronto, and I believe their operations are satisfactory. If they are satisfactory, how do other provinces carry out the same work? They must have some way of handling the situation. If they have not a parole board, how do they handle it?

Mr. ILSLEY: Applications are being made constantly to the Department of Justice to let people out of jail and out of provincial prisons. We have to do the best we can with the applications. The prerogative of mercy is exercisable by the crown in the right of the dominion, in so far as all offences under the criminal code are concerned, no matter what the sentences are.

Mr. MacNICOL: Does the minister find that the inquiries made by the parole board of Ontario assist the Department of Justice in coming to decisions?

Mr. ILSLEY: Yes; I do not wish to be too definite about this, but I believe that almost invariably we follow the recommendation of the parole board of Ontario.

Section agreed to.

Bill reported, read the third time and passed.

NATIONAL PARKS ACT

CONSOLIDATION OF PARK DESCRIPTIONS—REGULATIONS EFFECTIVE WHEN PUBLISHED IN "CANADA GAZETTE"

The house resumed from Wednesday, April 28, consideration of the motion of Mr. MacKinnon for the second reading of Bill No. 209, to amend the National Parks Act.

Mr. A. J. BROOKS (Royal): Mr. Speaker, on April 28 I had spoken briefly on this bill, and had referred particularly to the national park in New Brunswick. At that time I had stated that the people of that province were greatly pleased that a national park was to be established there. However, they had felt that the establishment of a park had been delayed much longer than was necessary.

[Mr. MacNicol.]

I had also pointed out that some surprise had been expressed as to the site of the national park, in view of the fact that inspectors of the federal government who inspected different sites in the province had selected another one. I would take this opportunity to read the report presented by Mr. J. Smart, chief inspector of national parks. In this report he referred to the examination of a proposed national park in New Brunswick. At page 4 of the report referring to the Mount Champlain site on the St. John river, the one which I understand was his choice, he said:

In Mr. Cautley's report of his 1936 examination of park sites for New Brunswick, he has covered very fully the features of Mount Champlain and I agree with him that this site is the most suitable for a park establishment, when considering it with the Lepreau and Albert county sites. It is true that the Mount Champlain site is not on the sea coast but this is rather a benefit on account of the drawbacks to the bay of Fundy coast, which is subject to frequent cold fogs, high tides, and the water is for the most part always in a riled condition due to the ebb and flow of the tide, and always very cold.

Those are not my views. I do not agree entirely with the views expressed here by Mr. Smart and Mr. Cautley with respect to the situation along the bay of Fundy. Then the report goes on:

Further, in making a comparison with the Lepreau and Albert county sites, consideration is given to the fact that the provincial government in acquiring it will not have such a heavy financial obligation as would be the case for the other sites. On the other hand the federal government will not have an expensive site to develop.

I shall not read the full report, but it sums up to the opinion expressed by these different men to the effect that the site on the St. John river, known as the Mount Champlain site, is, by considerable odds, the best in New Brunswick.

Mr. Smart closes his report in this way:

Some additional features which commend this site as a national park site, particularly in regard to developments:

1. Number 2 provincial trunk highway passes through the portion on the river frontage. This highway is now paved to within about five miles of the proposed southerly boundary on the river frontage.
2. Hydro electric power distribution passes through the area.
3. The Canadian National Railways pass through the river frontage with a station located on the site.
4. The Canadian Pacific railway main line has a station at Westfield within three miles on the park boundary and on the main highway.
5. Passenger boat service available from all points between Fredericton and Saint John.
6. Mount Champlain site is not too close to United States boundary.

7. Central to the larger centres of population of New Brunswick.

8. Development costs will be low as compared with the establishment of other parks in Canada.

9. Future administration costs will be low. A minimum personnel will be required to administer it.

10. Ease of game and fire protection.

My point is that, in view of the report made by the inspectors from Ottawa, I would ask the minister why this site on the St. John river was passed over in favour of another site in New Brunswick. When I ask that question I should like to have it understood that, since it means nothing to me personally, I have no objection to the choice of any site in particular. However, when money has been spent to send inspectors to New Brunswick—and they went there on numerous occasions—I believe the people of that province should know why this site was chosen.

While I am on my feet, I should like to speak about national parks in general. There can be no question that they are one of the greatest assets we have in Canada. They offer the greatest attraction for tourist trade from all sections of Canada, and draw many thousands, perhaps millions, of citizens from the United States, who spend large sums in this country.

One point, however, which has occurred to me is that while we advertise to encourage United States tourists to come to this country, I believe we should try to have the people from one part of Canada visit other sections. Perhaps this could be done through our parks branch better than in any other way. During the war one would hear young men from different parts of Canada say, when in Nova Scotia and New Brunswick where they happened to be stationed in camps, "Had it not been for the war, we would never have seen this part of Canada." I believe that is true.

In my province I have seen thousands of cars every year from every state in the United States, but it is seldom that we see a car from British Columbia or Manitoba or Saskatchewan. The result is that we in this country are strangers to one another. Means should be devised, through our national parks and through an interprovincial highway, whereby our people could visit the different sections of Canada. That would be all to the good as far as the unity of this great country is concerned. I recommend to the dominion government the construction of the trans-Canada and any other highways that are needed in order to bring our people closer together.

We have a good precedent from the days of confederation when one of the great bonds to join the different parts of the country together was the railroad from the Atlantic to the Pacific. A great interprovincial highway would go far to join the different parts of Canada together.

It is not my intention to say anything more, but I do want to ask why this site in New Brunswick was chosen, because I am sure the people in that province will want to know.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I did not think we would reach this bill as quickly as we have done, but I wish to say a word or two about the national parks about which I know something, namely the three parks in Alberta. I hope that what I say will not be regarded as critical of any individual. Other provinces can speak for themselves, but I want to say that in those parks in which there are mountainous areas we have the most neglected of all the natural resources owned by the dominion government. It may be true to say it is easy to criticize, but this is one place where I hope criticisms will be helpful.

We have Banff, Jasper and Waterford parks. Some money has been spent, but it has been very little. I should like to deal first with the winter aspect. Competent persons who have skied in Switzerland and Austria inform me that we have snow conditions and ski runs in those areas which cannot be equalled anywhere in Europe. There is, however, a complete lack of accommodation for people who would go there. We have all heard of Sun Valley, I think, in Idaho in the United States, but we also know they have seasons when there is no snow at all. Therefore it has become a rather hit-or-miss place of amusement and entertainment.

In the three parks in the western part of our province we have conditions for winter sports not met with anywhere else, with the possible exception of the large mountain just outside Seattle, the name of which I have forgotten.

Mr. COLDWELL: It is Mount Baker on the right.

Mr. SMITH (Calgary West): The hon. member tells me that it is Mount Baker. There is nowhere else in the world where they have that sort of thing. I am not saying anything against skiing in the Laurentians. I have visited two or three of the more famous places and I have no doubt that skiing conditions are excellent. One thing I did notice was how important this sport is in Montreal

and Ottawa. On week ends literally trainloads of people go out to these places.

I happen to be a life member of a ski club in Banff. We have tried, without receiving very much assistance, to do something to provide accommodation for skiers. They finally have what I believe is called a tow, so that it does not mean that you go downhill in a hurry and then take all afternoon to get back again for a second shot at it.

In the summer time we put a few fish in the streams. At Banff there is a small hatchery which is doing a good job. It is unfortunate that when they chlorinated the water there they did not advise the hatchery, because scores of thousands of fish which were coming along nicely died as a result. There was no liaison between the fisheries and the public works which had to do with the chlorination of the water.

In the province there is a brewing company which is operating, at its own expense, a splendid hatchery in Calgary. It is one of the places that we suggest strangers should visit. They have fish there in all sizes. Then there is the question of housing in the town of Banff which is in a most unsatisfactory condition. They have been talking for years about beautifying Banff, but progress is at least slow.

What I have in mind is this. We need a complete revamping of the administration of our national parks. It is unfortunate that ministers do not seem to stay long in this portfolio, and it is still more unfortunate that the hon. gentleman who has had that portfolio since I came here has been ill for the last year or so. I should like nothing better than that the acting minister should have the portfolio because, as we learned today, it took him forty years to make a winning hockey club in Edmonton. He must have had tremendous vision to look forty years ahead. I played against the fellows they had there when he was president, and they were not nearly as good as the hon. member for Athabaska (Mr. Dechene) tells us.

We need someone at the head of the department who will do more than the patchwork which is now being done with our parks. There is no other place in the world better suited for the holding of the winter olympic games than Banff in the national park of that name. People are always afraid of what it will cost, but money laid out in the next few years will bring greater returns to this country than anything else I know of. The tourist dollar is just as good as the dollar of anyone else.

[Mr. Smith (Calgary West).]

It so happens that I know something of these mountains. I have had at least twenty or thirty pack trips centering on Banff and lake Louise, and going into and through those mountains, and anyone who thinks he can see the mountains from a train or a motorcar simply does not know what he is missing. In other words, you must do it on foot, or on the back of a mountain horse, and the horses walk all the time on these pack trips, so they will not trip you down the side of a gully or anything like that. The beauty which is there and the resources, resources in the sense that you can get a dollar from people for looking at something—why, the eastern slope of those mountains is a treasure house that nobody really knows anything about. At the present time, if one does go to see them he is so worried and burdened with the idea of trying to find a place to sleep and eat or something of that kind that the place has fallen into disrepute.

What I am asking from this government is this, that when the minister who is now acting decides that he is no longer going to act but to take his ease which he has well earned, not in the other place but in some other place—I am not appointing him over there because he is too valuable here—

Mr. MacNICOL: He would not refuse the other place.

Mr. SMITH (Calgary West): That is something, with great respect, which the hon. member does not know, although if the minister accepts my advice he will go there.

What we need and need so badly is a complete reorganization of the department. Remember, I am not complaining about the individuals in it, not for one minute. But for a tremendous problem like this you must have leadership. You cannot have the department head perhaps cutting off his own head by leading the pack too far. What we need in those parks is some place where the average fellow can take his jalopy and go up there and find a meal that will not break him, and find a bed to sleep in, camp grounds, and all that kind of thing.

There is no reason why our golf courses, for example, in the two parks, the one at Banff and the one at Jasper, should be so expensive. A man must be almost a millionaire in order to have a round of golf on those very fine courses. Much of the dominion's money went into those courses. It is perfectly true that now the one in Jasper is operated by the Canadian National Railways and the one in Banff has been turned back and is operated by the Canadian Pacific Railway

Company, but the people of Canada largely paid for those courses.

I had occasion to speak to the acting minister the other day and I must say that he gave me his confidence and his complete concurrence in the idea which the younger men in the Gyro club at Banff have. They told me, and I conveyed this to the minister, that what they want is a sports director, somebody who would tell the people where to go and what they would find when they got there. They are not asking for any money from the dominion government to pay this man. A man of this type should never be a civil servant. Their idea is to have owners of hotels and rooming houses, cottages, these bungalow camps, and so on, charge the small matter of ten cents added to the night's lodging, and the Gyro club would administer that and employ someone who knew the business of sports director. This is done in many skiing places in the United States. In that way a fund would be got together which would not cost the government anything. All that the club is seeking is the permission of the government to make arrangements with these people to charge the extra ten cents and turn it over to them, to be expended by them; but in order to do that they require the consent of the government, because the government is in charge of the rates for sleeping and eating accommodation.

Let me again repeat that the acting minister received me with the greatest of sympathy and co-operation and I trust that shortly that small thing will have been accomplished. But I only look at that as a beginning of the great things which may be done. These are modern days of good roads, and even in that far-off part of the country we have now good roads to both places. I think the Edmonton-Jasper road has been completed and affords an enjoyable drive.

Here we have a bill setting out these areas, territories and so on. What we need is not a gentle prodding of those responsible for the national parks in this country, but we need to give them encouragement. The present men are all right, but we need to give them a few dollars to spend, and let us have in the operation a little less of centralized government. When you think, Mr. Speaker, that you can scarcely do anything, certainly nothing of any account, in a national park without reference to Ottawa, you will immediately see how difficult it is to make any progress. That is not the fault of the officials, nor am I going to blame the government for it. It is our fault in this House of Commons because we have not interested ourselves enough in one of our greatest assets, to convert it into what it should be; first, a great national playground for our own people, and, then, a money-making institution, the money to be derived from those persons who would visit us here in the Dominion of Canada.

I close with one sentence, since I see it is just about six o'clock. It is a repetition, if you like; but it is this, that we here try to realize what an asset these places are. Look abroad and see what they have done in other countries without anything like the natural facilities that we have. Then we shall come to appreciate ourselves and provide these conveniences, and the return of good will and in money will be beyond belief in this Dominion of Canada.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, this afternoon we had a couple of interesting and appreciative talks about our national parks, but the hon. gentlemen who were speaking about them confined themselves to New Brunswick, the maritime provinces and British Columbia. I thought what they said about the beauties of their respective parts of the country was well said, because we do possess a wonderful heritage of beauty and grandeur in Canada.

I had the privilege two years ago of motoring around the Cabot trail, driving through the Annapolis valley, visiting Annapolis Royal and seeing what was done there to reconstruct the first French fortress in North America, and I can also emphasize what the hon. member for Calgary West (Mr. Smith) said this afternoon with regard to the Rocky mountains.

I should like, however, to point out that quite often the prairie land is thought of as rather flat and uninteresting country whereas it is nothing of the kind. Across the prairie land there are beautiful valleys and lakes, and not only has the national parks branch taken advantage of some of these beauty spots, but, I am glad to say, the provinces have done so also. I am thinking of my own province of Saskatchewan and a lovely little resort around Carlyle lake district where, during the depression, the government of the day built a chalet to give accommodation to people from the United States as well as from Canada.

In the northern part of Saskatchewan we have the Prince Albert national park at Waskesiu. There is a playground in that whole northern region, not only for the prairie province of Saskatchewan but for the people

who live in the equally flat part of the prairies in North Dakota and in Montana.

A great deal more than has been done should be done to encourage tourist traffic from that area. Of course the great lack all through our country is lack of the kind of roads they have in the United States. Until we get better roads, hard-surfaced roads free from dust, we shall not have tourists coming into the country year after year to see the various national parks and the beauty spots in them.

A great deal has been done in recent years by provincial governments to remedy that situation, but in my opinion we need the co-operation of this federal parliament as well as of the provincial governments in order to provide the kind of roads that are necessary to attract tourist traffic to this part of Canada.

Driving from the United States border to Prince Albert over a good gravel road is much easier nowadays than it was a few years ago when we had only dirt roads. But through Swift Current or through Regina and Saskatoon co-operation between the dominion and the province should be established in order that good roads would encourage tourists from the prosperous middle west of the United States to visit our north country.

I know that not only have we fine parks in western Canada and in the north of the prairie provinces, but lately roads are being pushed still farther north. North of Prince Albert, north of the park, the government of Saskatchewan is pushing a road through to that beautiful lake, Lac la Ronge, which is said to contain 11,000 lovely islands and where opportunities for camping and fishing and other pastimes are unsurpassed.

Thus we have in our country, in fairly close proximity to the prairie lands of the middle western states, a holiday area which it would be very difficult to beat—a beauty and sport area teeming with fish—and I believe a great deal could be done to popularize these places.

In Manitoba, right on the borders of Saskatchewan, there is the beautiful and well laid out Riding Mountain park. Last autumn I drove through it as I have done on other occasions and was struck then with the beauty of the lake, the beauty of the evergreens and the rolling hills that surround it. I repeat, a great deal could be done to popularize these resorts.

As the hon. member for Calgary West said, however, much depends on accommodation, accommodation en route and when you get there. I have done a great deal of driving at one time or another across our country from coast to coast. I believe I have crossed the continent about fifteen times by automobile, usually, I must confess, through the United States because the accommodation and roads were so much better than in Canada.

Our dominion tourist bureau is doing a great deal to make the people who are operating concessions in the parks, and who are operating tourist accommodations to and from the concessions, conscious of the need of better accommodation. That accommodation will have to be provided through some co-operative plan between the public authority, the province, and perhaps the individual operating the camp, so that there may be provided the kind of accommodation that our United States friends particularly look for, because they have excellent accommodation in their own land.

I wanted to say a word in appreciation of what is being done. Like the hon. member for Calgary West, I do not intend to criticize the personnel of the department. I believe that with the limited means at their disposal they have done a good job, but I think much more needs to be done if we are to get the kind of tourist traffic we desire.

I have spoken only of tourist traffic, but as a matter of fact these holiday resorts are of great value to our own people. That is the real incentive which should possess us in building up these parks as great playgrounds of the north, not only for summer but for the winter as well, as the hon. member for Calgary West suggested.

Much has been done in that direction in the Laurentians, in that beautiful part of our country north of the St. Lawrence; but all across this country, no matter where you are, whether in Nova Scotia, New Brunswick, Prince Edward Island, the province of Quebec, this beautiful province of Ontario or in the prairies or British Columbia, there is much beauty and great enticement to those who could enjoy a holiday at reasonable cost.

I am glad that in some of the resorts like Waskesiu there are facilities for campers who have very limited means at their disposal, and more of that should be done. We may cater to some extent for United States dollars from tourists, but, after all, our main incentive should be to give our own people opportunities for enjoying the varied beauty of the country in which we live.

I quite agree with those who said today that if we go from one end of the country to the other we shall find that this land in which we live is unsurpassed in the variety of its beauty and the variety of opportunities for sport and for play; and I am glad indeed to give all the support I can to the minister

and his department in their efforts to build up these areas in Canada which have been so wisely set aside—I say wisely set aside—as national parks, game reserves and so on, where not only we but those who come after us may enjoy the beauties of this land and get a little closer to nature in order to find health and renewed strength for the day-to-day work which the majority of our people must do.

I merely rose to say that whatever we can do to assist the department in carrying out the development of our national parks we shall be glad to do.

Mr. J. H. BLACKMORE (Lethbridge): I have great confidence in the minister, Mr. Speaker. I believe that he senses, and will do so more and more as the days go by, the tremendous responsibility he has assumed and the great opportunity which is his by reason of his having taken charge of the mines and resources of this country.

We in Canada have not yet proved that we can live without going into debt. Up to the present time we have been inclined to use our resources prodigally, but I believe the time is now here when we must settle right down and say to ourselves that there is no more last great west to go to, that we must stop right here and make this great heritage all that we hope to have it for our children and our children's children. We must therefore conserve every one of our resources and improve them so that they will be better for our children than they were for us. That can certainly not be said to have been done by any generation of Canadians that has yet lived.

I have often thought we give too little attention to our wild animals throughout the country. When we travel over the area from Winnipeg to Port Arthur and on to Sudbury, going through reaches that look to be worthless when judged according to ordinary standards, we are actually passing over regions of Canada that I have thought could be made into extensive and attractive parks which would draw tourists from all over the world.

We should be taking much more care than we are taking of our game birds, fish and parks.

Since the hon. member for Calgary West (Mr. Smith) has mentioned our parks, I think it only fitting that I should say a word or two in appreciation of the parks of Alberta.

The park in my constituency is the Waterton Lakes park. If any hon. members happen to be out in southwestern Canada, they will miss a rare treat if they fail to visit Waterton Lakes park. The people around that country all call it "Wonderful Waterton", and wonderful Waterton it is, with its vast and varied mountains; its lakes of great number, size and beauty; and its streams with more than one romantic waterfall. All these things tend to make it a place of great attractiveness. There are forests in the park. It is true they are not comparable with some of those found in certain other areas of Canada, but for that particular region they are respectable forests. There are wilderness trails in Waterton Lakes park. One can drive along on the Akimina highway, for example, and three minutes after leaving Waterton Lake townsite, can feel himself completely lost and alone; and unless he had a guide or a good road to get him back, he would be lost. But there is a good road to get him back.

There are numerous wild animals. There are not many places in Canada where you can drive along the road and have a bear cross your path and dodge into the thicket, or a deer or elk run along a little way in front of you and dash off into a ravine. But you can have these pleasing experiences on the Akimina highway of Waterton Lakes park.

At one time this park used to be famous for its fish. Men used to travel by wagon for a hundred miles in order to be able to fish in the great lakes which are the main attraction in Waterton Lakes park, and which have given it its name. I regret to tell the minister that these fish are no longer abundant. It is no longer easy to catch them. In fact people are often greatly disappointed when they come to Waterton Lakes park, having heard of its fame as a fishing centre, and find themselves unable to catch any fish.

The park is unique in Canada because it adjoins Glacier national park which is on the other side of the United States border. The two parks together have been formed into an international peace park. In the Glacier national park there is the Logan highway which is, I think, one of the greatest attractions to be found in western north America.

All these things go to show that the Waterton Lakes national park is a potential treasure house for Canada with regard to tourists. We should be able to make it, to United States tourists, one of the greatest attractions for thousands of miles.

There are two or three things about this park to which the minister would be well advised to give attention. One of these is the fish. People will travel a long way in order to fish. We in Canada should be able to go and have a pleasing holiday fishing whenever we

choose. There is a fish hatchery at Waterton Lakes park, but it is not in any way capable of discharging the responsibilities which ought to be attached to a fish hatchery. I fancy that it can supply, year after year, just about one-tenth as many fish as it needs to be able to supply. There are a number of problems associated with improving the efficiency of that fish hatchery. I do not wish to disparage the men who are in charge of the fish hatchery; I think they have done the best they could with the means at their disposal. But that whole matter of the fish hatchery should be given genuine attention, with the determination to make the fish hatchery discharge the function it ought to discharge with respect to that park.

The suggestion has been made—and I throw it out to the minister as worth considering—that supplementary breeding pools for the fish could be established at various points along certain small creeks in the neighbourhood; for example, Fish creek, that runs through the village of Mountain View. Along Fish creek a good many ponds could be made in which small fish could be raised from the time they were taken from the hatchery until they could be safely put into the open waters where they would have to look after themselves. This little creek could be used because, being a small stream running along through the valleys, its waters are warmer than those of the lakes immediately adjoining the fish hatchery, and warm water is much more conducive to the growth of the vegetable matter which the fish eat in their younger stages. In some parts of the United States they tell me they put into the water a special kind of fertilizer which encourages the growth of the plant life used by the fish.

It is suggested that if this stream is made into pools, as it could be, together with two or three other creeks such as Lee creek, which runs down from the mountains into Cardston, we could increase the productiveness and effectiveness of that fish hatchery at least tenfold. This ought to be done. Then the fish could remain in the pools until they could be moved into the open waters, and during that period they would be free from the danger of the larger fish. I suggest that the minister give this very careful attention and have the members of his department go to work on the problem, not next year but right away. If they say there are difficulties in the way, let the minister say, "Very well; we want you to remove those difficulties. That is exactly what you are on the job to do. We want results, and no excuses."

I am positive, if the minister says this to his officials and gives them the money with which to accomplish results, they will do so, and it will pay us many times over in United States dollars.

There is another difficulty in the park. In times past the people established a townsite there of which they are very proud. They have become a bit choosey, if I may use that word, with respect to the houses. They do not want cabins that are not equal in size, appearance, romantic appeal, and all the rest of it, to those built by the more or less wealthy people who first went into the area and built themselves summer cottages. Nevertheless we must have, in connection with Waterton Lakes park, a great many cabins which will not be too costly to the tourists. We must have enough cabins so tourists will not be warned away and perhaps go to some other place for the night, making Waterton Lakes park merely a place to visit in the daytime. There must be tourist cabins. I would not like to suggest to the minister just how many cabins should be erected, or how costly they should be, or just where they should be located, but again I say he should tell the members of his department that he wants enough tourist cabins put up in and around the park to accommodate all the tourists who may come to Waterton lakes in a year. The cabins would not need to be open all the time. It would be better if they were built to provide comfortable camping, but in such a way that they could be left closed until they were required. All the cabins might be left in charge of one of the businessmen there, with instructions to render them available when they were called for.

I am not sure that we can depend upon private enterprise for these cabins. I would be inclined to think the government should own the tourist cabins, because it wants to have spent in Canada all the United States dollars that can be brought here.

There are other, smaller considerations which, nevertheless, are worthy of attention. There is an excellent golf course just outside the main park. Men who have played on the finest courses in America tell me they know of no other course anywhere on this continent that surpasses this golf course. They say all the time a person is playing on the course he can either look up toward the mountains at magnificent scenery, up what they call Pass creek, or down toward the lakes upon surpassing beauty, because the course overlooks lake Linnet and other beautiful lakes.

This course is not very well cared for. I believe it could be kept in first-class shape without very much expenditure, and arrangements could be made to have water made

available, so that if it should begin to dry up the grass could be kept green and beautiful, as people enjoy and expect to have in a place like Waterton Lakes park. So I would suggest that the minister give attention to this golf course detail.

Then, back behind the townsite is an area which really should be attended to. The main townsite is beautiful, laid out in streets and so on, with a really attractive appearance. Right behind the town, however, there are some bits of country that were badlands. If we are to bring this park up to the standard we would like, I believe it will be necessary to landscape that badland area. In these days, when we have machines which will bring soil from quite a distance without very much effort, it should be possible to landscape that area and make it just as attractive as the rest of the park. Perhaps that could be made a place to put a number of the tourist cabins.

In closing, I would say the minister will need a great deal of money. I hope he may be successful in seeing to it that his department is not made the victim of any cheeseparing. I hope he is influential with treasury board, so that plenty of money will be made available for him to accomplish in our national parks the things he desires. And I trust that he will approach this whole problem with the wisdom I know he possesses, and that he will not be satisfied merely to carry on as his predecessors have, however well they may have done. The minister should look upon this problem as one which requires leadership. All the provinces of Canada are keenly interested in their parks. I believe the function of the minister, as should be the case with any federal department, is to give leadership, to give inspiration, to bring about co-ordination, to invite the men in charge of the parks in the various provinces to consult together and lay plans, and bring about co-operation so that there will be no duplication of effort and no park in the whole country will be neglected.

I may have something more to say about the Waterton Lakes park on a future occasion.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, the Acting Minister of Mines and Resources (Mr. MacKinnon) has a great quality. He is a good listener. While hon. members have been making fine speeches about this matter, I noticed the minister taking notes of all the suggestions that were made. This is a fine example. He knows there is something worthwhile, something worth considering in every speech made by a member of parliament.

This bill is just a compendium of the descriptions of the national parks coming under this department. Many regulations concerning these parks have been passed and published separately. I am not going to deal with them; but I want to tell the hon. member for Lethbridge (Mr. Blackmore), who just made the speech of a businessman, that I do not agree with him in one respect. He suggested landscaping. I cannot conceive the idea of finding a rock garden in the middle of a forest.

Mr. BLACKMORE: I am sure the hon. member would not wish to gather the wrong impression. I was referring only to a certain portion back toward the main townsite where there have been washes which have destroyed the top soil, and where a little soil brought in would make it possible to raise grass. I know the hon. member would rather see grass growing than see gumbo.

Mr. POULIOT: I do not wish to be unfair to the hon. member, but I am a firm believer in the unspoiled and radiant beauty of untouched nature. For me the idea behind the creation of national parks under government jurisdiction was to keep nature in its original form so as to give joy to future generations who will live to see that beautiful nature.

One part of the country which impresses all tourists is the north shore of the Gaspé peninsula. There is nature in her primeval state. Then, the mountains of the west are so great, so impressive, that the commander-in-chief of the united nations armies, General Eisenhower, was proud to have his name given to one of them; no mean honour for any man.

Mr. MacNICOL: It was Castle mountain.

Mr. POULIOT: Yes. It is a signal honour for any man to have his name attached to a big mountain. When tourists come and see that imposing mass of granite, they wonder what it is. They are given the answer, "This is Mount Eisenhower", or "This is Mount Edith Cavell". I believe the names of all the most prominent nation builders in this country should be given to the most imposing mountains in our national parks. Those parks are visited by great numbers of people who stay there for a certain length of time. This would be a sort of pilgrimage people from Canada, from the United States and from all parts of the world would make when they visit those parks.

The list I have before me does not include any park in Quebec, although in that province there are some beautiful parks. In that connection I think of Rougemont park in the vicinity of Montreal; and Laurentide park in the Laurentians, north of the city of Quebec,

attracts large numbers of tourists. Then there is another park in the Gaspé peninsula.

I believe the Canadian travel bureau should advertise those parks, as well as the ones which come under the department. Mr. D. Leo Dolan, director of the Canadian travel bureau, and a former journalist, is a man of great industry and ability. I am sure he will miss no opportunity to advertise all the parks of Canada, so that tourists will not suffer the embarrassment of choice when they plan a trip either for the summer or the winter, as has been suggested.

When advertising is sent out inviting tourists to our national parks, they must not be deceived. Canada must deliver the goods. While they will admire those beautiful spots, they must have comfort. I can remember in earlier days when the roads in the national parks were built with unemployment funds. It was a good idea at that time. But those roads leading to the parks must be kept in first-class condition, and tourists must be well fed when they get there.

Further than that, the smell of French-fried potatoes ought not to be breathed at the same time as the perfumes from the pines and the firs. That would spoil their trips, and I hope there will be a regulation, if indeed there is not already one, forbidding French-fried potato wagons entrance to the park. They smell bad enough along the streets, and I hope the minister will make that prohibition in due course.

I am not going to speak at greater length on this subject, because all hon. members seem to share the same view. The minister is to be congratulated upon the interest he has shown in the conservation, maintenance and improvement of the national parks. He should also be encouraged to have Canadians visit their country to a greater extent, and to admire its beauties. Different sections of the country should be advertised without discrimination. It is natural that someone from British Columbia would say that no mountains can equal the Rocky mountains. That is a legitimate and natural feeling. Others from the prairie provinces would say that we should go to see the beauty of the prairies; and those from Ontario will speak about the Algonquin park and Muskoka lakes sections. Those from the maritimes will tell us about the beauties of their part of the country.

Two beautiful ladies who sat together asked a gentleman this question: "Which one of us do you find the more beautiful?" His answer was, "Both of you are beautiful, my ladies."

Mr. MacNICOL: He was playing safe.

[Mr. Pouliot.]

Mr. POULIOT: He was a wise man. He was telling the truth, and he was not a flatterer. Let us compare the nine Canadian provinces to nine equally beautiful women. It becomes most difficult to make a choice of one as against another, except where the ties of affection bind us to a particular part of the country. But challenge anyone to say that the nine ladies, who are the nine provinces of confederation, are not equally beautiful and worth visiting.

Mr. WILLIAM BRYCE (Selkirk): Mr. Speaker, I do not rise in any critical mood, either of the minister or of his department. I have only suggestions to make, but first I should like to endorse what the leader of my group said with regard to Riding Mountain park in Manitoba. The department should be congratulated upon the work that has been done there.

I want to remind the minister that this summer the provincial government of Manitoba is building one of the most modern highways in Canada in order to bring in United States tourists. I know that when they are brought in you cannot send them all to Riding Mountain park, and I want to suggest to the minister that he have his department arrange to set aside some land in the interlake country as a national park or a national preserve for wild animals.

I have travelled a great deal in the north and have met many United States tourists. Their desire is to go as far north as possible. You can go 450 miles north in my constituency and still be in touch with Winnipeg. In addition to the new highway I have told the minister about, we are building other new highways north of Winnipeg. This would be an ideal situation for a national park and I ask the minister to give it serious consideration. Get the site now and the park will come later.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, it would be an easy matter for every hon. member who has visited any of our national parks, to spend at least forty minutes in eulogizing the usefulness of those parks and the service they render to Canada. As one visits the national parks in British Columbia, Alberta, Manitoba and Ontario as I have, he cannot but feel grateful to the government for having established those parks.

However, my purpose in rising tonight is to tell the minister that a national park is being born at the head of the lakes. It will probably be known as Mount McKay park and it will not have to take second place in scenic beauty and usefulness to any park in Canada. I expect that the parks boards of both cities,

the chambers of commerce and the city councils will have a strong and intelligent delegation wait upon the minister before this session closes.

We have one of the best ski jumps or ski slides to be found in Canada. The lake is about 800 feet up the mountain and is the source of the city's supply of good water. There is a wonderful view from the mountain and at the present time a gravel road goes up about halfway. From the top you can see some of the finest scenery in all Canada. If the Minister of Trade and Commerce (Mr. Howe) were here he would say that is true. I ask the Acting Minister of Mines and Resources (Mr. MacKinnon) to keep his eyes open for the delegation from the head of the lakes.

Mr. E. G. HANSELL (Macleod): Mr. Speaker, not so long ago this house was reminded of Canada's critical dollar situation in our relationship with the United States. It suddenly became a reality that we were tremendously in debt to our southern neighbour. I appreciate what the hon. member for Temiscouata (Mr. Pouliot) has said with respect to honouring a great American by changing the name of Castle mountain to Mount Eisenhower. We do not mind our United States friends taking one of our mountains, but we do not want them to take the whole country. As far as the economic grip which the United States now has upon Canada is concerned, it would almost seem that they are about to take us over.

But that need not be; that does not have to occur if the present administration exercises some foresight with respect to our tourist trade. Not many years ago a senate committee investigated our tourist trade and it was brought out in evidence at that time that in dollars and cents our tourist trade amounted to more than our combined foreign trade. That was hard to believe but that was the evidence.

I notice that the Department of Trade and Commerce is spending nearly $2,000,000 for trade commissioners abroad. I do not begrudge that. I notice that nearly half a million dollars is being spent on exhibitions and trade fairs abroad. I do not begrudge that, because it is nice to do business with the rest of the world. But here is an opportunity in our tourist trade to build up credits in foreign countries.

If one reads the newspapers these days he is struck with the tremendous amount of advertising being done by other countries to attract tourist business. This advertising is being carried on by the war-torn countries of Europe, countries such as Great Britain, France, Italy and so on. I would not think there would be a great deal of pleasure in a tourist going to some of those countries. What are they doing this advertising for? They are doing it because they want foreign credits.

It seems to me that it would be an economically sound venture to spend money to attract tourists to Canada. There is no doubt that every hon. member would like to take part in this debate and extol the beauties of his own constituency. A year ago I travelled from Halifax to Vancouver. I could not help thinking what a tremendously fine country we have. The hon. member for Temiscouata says that every province is naturally proud of its own domain. But there is one thing lacking, and the government knows all about it; that is, that you have to get into these national parks and you have to get out of them, and people who want to get into those national parks have to travel over roads that make us ashamed of ourselves. Make no mistake about that.

Last year, living near Calgary, in the province of Alberta, on the connecting link between Waterton park and the Banff national park, I took a trip through there and went on down to the United States. As soon as I left that little bit of hard-surfaced road in the southern part of Alberta and got to Cranbrook, I did not know whether I would have any automobile left to go the rest of the way. You cannot expect United States tourists, after travelling on their own magnificent highways, to be pleased even with our national parks if all the joy of travel is taken away from them by bad roads before they reach the parks.

I was talking to a United States tourist in the city of Vancouver who had travelled through the Banff national park and the Jasper national park and had then taken the all-Canadian route from Banff through to Vancouver. He said to me, "Brother, never again will I go over that highway." Yet some of the most beautiful scenery in Canada is to be seen along that highway. I am not overaccentuating its attractions at the expense of other provinces, but I doubt whether there is a greater tourist attraction in Canada for scenery, wildlife and big game than in the Rocky mountains from the United States boundary north as far as you can go, or at any rate as far north as Jasper in Alberta. Banff and lake Louise to my mind excel almost anything you can find anywhere else. You cannot, however, travel from Banff national park to Jasper national park without

going over a graveled highway, moderately maintained, but at the same time you never know whether you are going to skip the road or not. Surely in a country like Canada where we have a tourist attraction of this sort, we should be able to build first-class, hard-surfaced highways.

Some years ago the United States put on a great campaign with the slogan, "See America first." I do not know whether they still use that slogan, but I think it would be a good thing for us to take a leaf out of their book and put on a great campaign to see Canada first. I tell you, Mr. Speaker, that a great many Canadians have not yet seen this country, and if they want to travel from one end of this country to the other by car they cannot do so, simply because we have not a national highway. We just do not have it. We have not even got a trail connecting some of the provinces. When Mr. Bennett was prime minister years ago he attempted to build part of a national highway by seizing upon the depression to pay the unfortunate unemployed a few measly dollars to exist in camps and start work on a national highway. That highway is not there any more. Trees are growing up between the rocks in the middle of the highway. I wonder if the present government is waiting for another depression to use the same methods of providing relief work by building a national highway.

We have a wonderful country, Mr. Speaker. We have some wonderful gravel and dust roads. I do not know whether I should refer to private enterprise versus socialism and government ownership, but I am going to tell you that there is one thing that private enterprise has done in Canada. To a large extent it has made our national parks famous. If it had not been for the Canadian Pacific Railway Company doing something in the way of putting up million dollar hotels, such as the Banff Springs hotel and the Lake Louise Chalet, we would not have had any hotels to amount to anything.

An hon. MEMBER: What about Jasper?

Mr. HANSELL: I do not know if we have such a good thing at Jasper, but I am saying that the Canadian Pacific Railway Company at least had the vision in the early days to capitalize on these scenic jewels which exist in some parts of the Rocky mountains, and they took a chance on investing millions of dollars in some of these places because they had faith in this country. Are we to say that the Canadian Pacific Railway Company had more faith in this country than the present government has? It would almost seem that way. We had better stop just playing with words about this thing. The hon. member for Lethbridge (Mr. Blackmore) has said that the Minister of Mines and Resources (Mr. Glen) —the acting minister is in his seat—should go before the treasury board, taking with him his files, his statistics, his photographs and all that he has and say to them: Now, gentlemen, I want so many million dollars. But while he will go in there with his files, his statistics, his photographs, his engineers and his experts, the treasury board will go in there with a little bit of blue pencil in their pocket. It is easy enough to say to the minister: Go in there and persuade these men. But that is one place where I fear the pen will be mightier than the sword and the treasury board will take that blue pencil and whittle down the minister's demands.

However I am not going to be too hard on the treasury board in this particular matter, because the minister may have the drop on me. I find that there is an increase in the estimates of the Department of Mines and Resources of approximately $5,500,000 for national parks. I am glad to see that. I do not know just what the expenditure is for, because when I turn to the page that is supposed to give the details I find that it shows $5,000,000 of an increase for the acquisition of land, construction of buildings, works and structures. I do not know what that means. I do not know whether that means roads or some more chalets and hotels or what, but I am going to say this. Let us stop fooling with this thing and pave this country with highways which will be an attraction to tourists and which will lay right on our doorstep, right in our public treasury, millions and millions and millions of dollars. That is what we want from our United States friends, and I am positive it can be done.

I do not know whether I should suggest that each party leader rise and say what he is willing to do. Maybe we should not have a political battle. I should like to see the leader of the Progressive Conservative party rise and say, "This is what we would do in respect of highways, and particularly those highways in and entering our national parks; this is the way we would get the money, and this is the way we would do it." I should like to hear the story from our socialist friends. When it comes to saying, "This is the way we will get the money," I fancy they would say, "We will soak the rich".

Our present administration like to say what they are going to do, but they are always

stuck when it comes to finding the cold cash. We are willing to go to bat on this and not only tell you, Mr. Speaker, what we would be willing to do but where we could get the money.

Mr. H. W. HERRIDGE (Kootenay West): It was not my intention to take part in the debate, but as the member representing one of the greatest scenic park areas in Canada, the Kootenay, I could not sit still after listening to the advertising campaign which has been carried on by the hon. member for Lethbridge (Mr. Blackmore), the hon. member for Fort William (Mr. McIvor) and the hon. member for Macleod (Mr. Hansell).

Mr. HANSELL: Hear, hear.

Mr. HERRIDGE: I see the hon. member for Comox-Alberni has his eagle free-enterprise eye on me, and I presume, in what I have to say tonight, we shall be in general agreement. The district I represent is very scenic. The farms and ranches are scenic. As a matter of fact, some years ago a neighbour of mine had such a scenic ranch that on one occasion while he was picking apples from a tree twenty-five feet high, the ladder slipped and he fell into the lake.

British Columbia has four national parks: Kootenay park, Glacier park, Revelstoke park and Yoho park, four of the most beautiful national parks in Canada, and we have also in British Columbia an extensive provincial park system comprising some of the most magnificent public parks in the country. In addition to that, we have local parks. I do not mean parks within city bounds but parks adjacent to some of the municipalities and cities, and I challenge any hon. member to cite an instance of a greater demonstration of local enterprise—and I am a great believer in local enterprise being tied up with provincial and federal enterprise—than can be found in Rossland, with a population of 4,000, where, as a result of public contributions, in the last six months $50,000 has been raised to build one of the finest ski lifts in America in order to develop Red Mountain area adjacent to that city.

We all know that the first great ski jump in Canada was built in the Revelstoke national park, on which jump was made the first leap of over 300 feet in the world's history.

I am not going to discuss these matters at length. I support all that has been said by previous speakers, by the hon. member for Calgary West (Mr. Smith), the hon. member for Rosetown-Biggar (Mr. Coldwell) and others, in urging the development of national parks, because I believe they are an asset which a great number of our people do not appreciate and in many cases do not even realize that we have.

I support what has been said about the provision of accommodation at reasonable prices in those parks for summer and in some cases for winter use, and in that respect I would point out to the minister that there is a good opportunity, in the appointment of men in the national parks service, to think of those veterans who, by reason of shell shock or war injuries, might be suitably employed in this connection, particularly in the summer, under the beneficial conditions that are found in the national parks service. I hope that when appointments are made to that service consideration will be given to employing many of those men who are not really able to take their place in ordinary industrial or commercial life.

I believe, Mr. Speaker, that we have to carry on an advertising campaign outside Canada. I do not believe that some of the beauty spots of the west have received the attention of the travel bureau to the extent that they should. While we are all interested in bringing tourists into the country, personally I am particularly interested in making our national, provincial and other parks available to the working people of Canada.

As a matter of fact, there is a very small percentage of the working population of the country who have an opportunity to enjoy many of our national parks. I hope that when it comes to a question of advertising, both abroad and at home, there will be co-operation between the federal and provincial governments to prevent unnecessary overlapping, the unnecessary reproduction of pictures, and the unnecessary printing of literature.

This is a field in which there should be the closest co-operation if both the federal and provincial governments are to receive the greatest return for the money expended.

There is one other point that I should like to emphasize. I think we should be doing more to develop the hot springs in our national parks instead of allowing them to be developed by large corporations like the Canadian Pacific Railway Company. All credit to them for what they have done at Banff. I say, however, that those hot springs still under the ownership of the state should be developed by the state for the people of the country, and particularly for people with modest incomes.

Not only is it necessary to advertise abroad, but it is necessary to advertise at home. I think we have to bring to the attention of the Canadian people many features concerning the national parks, their accessibility, their beauty, and the possibilities they offer for recreation. We must do more advertising along this line if

we are to have a full appreciation and greater enjoyment of our parks. I find that there are hundreds of people who have little idea of the beauty of the national parks of Canada, and the opportunities for recreation.

I meet people from the prairies coming into my own district, people who have lived on the prairies for years and who come possibly for a short summer holiday, and I find they are amazed at the beauty of the national parks, their accessibility even under present conditions, the recreation and enjoyment they afford, the hunting that can be had in adjacent areas, and wonderful fishing.

We should inform the Canadian people about our Canadian national parks, and we should also do much more than we are doing in the schools. The ignorance of the average child is amazing when it comes to a question of what national parks we have in Canada, their location, and what we are trying to do in their development.

In that connection the service of the national film board could be used even more extensively to bring these facts home to the Canadian people through various men's and women's organizations. At this point I would say that if you want to develop local interest in a particular problem, or focus attention on that problem, you can never do better than to get the women's organizations in the community interested in your objective. I believe the services of the national film board, in co-operation with local organizations, could do a great deal of necessary educational work among the public and among our school children with respect to this great natural resource, our national parks.

In conclusion, Mr. Speaker, I want again to emphasize one point. I make it because of my experience in the provincial legislature of British Columbia and my understanding of the activities of the minister's department in Ottawa. I believe we must have the closest co-operation between the federal and provincial governments if we are to get the greatest value for the dollars expended in advertising and in the development of our national parks.

Mr. H. G. ARCHIBALD (Skeena): I should like to say a few words, Mr. Speaker, about the national parks and the associated problem of roads. I have heard various members mention the fact that they have national parks within their ridings. My riding consists practically of one national park, taking in 135,000 square miles of unspoiled beauty. The only trouble is that you can get around only by riding a mountain goat or by taking to the air.

I should like to bring in one note of discord, if you wish to call it that, amidst all this beauty, and that is the problem of a road from the Alcan highway down into Atlin, which itself is the most beautiful townsite on the North American continent. Among the resources are natural game and placer gold, but heavy equipment cannot be brought in there. The province of British Columbia offered to pay for its share of the road up to the Yukon border, which was one-half. It offered $100,000 to the Department of Mines and Resources. But the federal authorities could not even go to the extent of matching that $100,000 to pay their half of the cost of the road from the Alcan highway down to the Yukon border, and that at a time when the tourists from the United States are going up the Alcan highway in increasing numbers. There is a marvelous opportunity there for the development of gold resources, in addition to the natural beauties of British Columbia, with the lakes, mountains and wild game, such as grizzly, mountain goats, mountain sheep, caribou, moose, anything you want.

When I hear various members asking for paved highways, I marvel. All we want is a trail in there over which we can drive with a Chevrolet car—of course with western springs. We just ask for that type of road. It would more than pay for itself on top of that. But the thinking of what is called the treasury board on the other side of the house is something that is beyond me.

Mr. G. R. WEBB (Leeds): After listening this afternoon to hon. members speaking about national parks, it would seem to me, Mr. Speaker, that we are pretty much in agreement as to the actual value of the parks. To you, Your Honour, to all members of this house and to the people from far and near, I want to extend an invitation to come to the province of Ontario. We have some parks in Ontario, but unfortunately not nearly enough. Since I happen to come from the most beautiful part of the province, namely, the county of Leeds right on the St. Lawrence river, I felt it my duty to rise and say a few words.

We have eleven parks but they are all islands. These are not large parks—they range from four acres to twenty-five acres—but they are valuable. As the minister tonight seems to be paying a great deal of attention to what is being said, I thought it might be wise to bring to his notice the fact that we fall far short in providing anything like enough accommodation to take care of the thousands and thousands of people who live in the United States so near to our border and who cross

into our country every year. We are finding it more difficult all the time to provide accommodation to satisfy these people when they come here.

I want to suggest one or two things, and I believe the hon. member for Lanark (Mr. Blair) will agree with me in what I say. In addition to the great St. Lawrence river, we have a chain of lakes known as the Rideau lakes chain. With all due respect to the beauty of western Canada which has been expounded on, I think I can say without fear of successful contradiction that we have the most beautiful part of Canada, which is undeveloped.

In that connection I would urge that the matter of a park be taken up as soon as possible, with co-operation between the provincial government and the federal government, and that we get together and make a park. We do not want a small park. While I must admit that we cannot boast of wild animals in this particular area, I think I can say that we have plenty of wild life to satisfy anyone who wishes to go there. We have fishing. Apparently I am not going to be the last one to speak tonight, so I shall not get into the question of whether or not we have the greatest possibilities for fishing; but we certainly have wonderful opportunities. The man who speaks last always has the advantage of talking about fish, because he can always make them a little bit longer than the fellow who spoke before him. Therefore I shall not get into any competition in that respect.

I will, however, say this. In our county we can provide all kinds of entertainment, such as fishing and out-of-door life of all descriptions, that is not surpassed by any other place in Canada. The sooner the people of this country realize that we have this beautiful territory, the better it will be for the people of all parts of Canada.

We must join together and see that there is no part in the entire Dominion of Canada that has not a national park, so that when tourists come into Canada they can travel from one part of the country to the other and find that they will be well received in these parks. They must find that there are places where they will be entertained, so that they will be satisfied, in order that they will come back again. I believe we can pretty much forget the monetary side of the matter. If we treat these people right, they will come back. We must give them accommodation and make it worth their while to see our country, which is the finest country in the world.

Mr. JAMES SINCLAIR (Vancouver North): Since other British Columbia members have spoken, Mr. Speaker, perhaps I should add my word or two about the national parks situation as it affects British Columbia. As the hon. member for Skeena (Mr. Archibald) says, our province is just one enormous national park, if you count mountains, streams and forests as national parks. But I think it requires a little bit more than that. It requires a little development to make a park in the sense of a place where the people of Canada, and the people of British Columbia in our case, may enjoy themselves. The great criticism of the national parks in British Columbia is, first of all, that they are too far away from the people of that province. Most of the really good parks are on the Alberta side of the Rocky mountains, in Banff and in Jasper. Until recently the cost of staying in one of those places was beyond the resources of the average Canadian on holiday. I think it is a truism to say that there are far more people in New York who visit our national parks in the Rockies than there are in Vancouver.

The location of the parks is one thing, and the type of accommodation which is afforded is another. The Rocky mountain parks are six hundred miles by road from Vancouver, and the roads are poor. I do not like to use the people of the United States as an example, but in the state of Washington to the south of us the people have shown what can be done in developing territory such as we have for the use of the people. At Mount Baker, some few miles from the city of Bellingham; at Mount Rainier, fifty miles from the city of Seattle; above all at Mount Hood, a short distance from the great city of Portland, the American national parks system and American forest service have developed entire areas for year round use, both as wonderful ski territory and for summer alpine visits; with good roads and low-cost hostel accommodation, which draws from the cities people who need this type of relaxation.

In British Columbia, the average person on the coast—and, after all, over two-thirds of the people of our province live on the coast—has no opportunity to visit our national parks. Yet some forty miles from Vancouver we have the fourth of these four great peaks in the Pacific northwest, in the Garibaldi area. Some years ago I had perhaps the happiest job I shall ever have in my life, that of surveying for the provincial government the principal winter sport areas throughout the west. In my survey which took me to Sun Valley, Mount Shasta, Mount Hood, Mount Baker and all through the Rocky mountains, I never saw any country to equal the Garibaldi country at the head of Howe sound.

So I suggest that if the national park system would start considering our national parks, not in terms of United States tourists but in terms of our own people, especially the sort of people who do not have an opportunity to travel very far from home in their two weeks' holidays, we would be in a far better position. I would rather see hundreds of low-cost hostels, such as the Americans have, throughout Banff and lake Louise than these glorified hotels which cost $15 to $20 a day. That is the type of thing which would make our parks truly national.

I should like to offer one other suggestion in connection with this national parks development, and it partly concerns this Ottawa development. We are having a tremendous development here; and I think Canadians even from as far away as British Columbia will admit that our national capital should be a beautiful place. More than that, however, the approaches to this country, our front doors, should also have a lovely appearance. In the city of Vancouver we are very fortunate in that some sixty years ago there were some citizens with singular foresight, who reserved that great peninsula, Stanley park, as a virgin stand of forest. I would say Stanley park is probably visited by more Canadians than any other park in this country; and of course it is as great a source of pride to our prairie Canadians as to the British Columbia Canadians.

On the north shore of the harbour entrance, however, is a long, low range of land at present covered with forest, which is a vacant Indian reserve. The people of Vancouver are most anxious to obtain that land and transform it into a park, so that for all time the spectacular sea approach to Vancouver city will remain a lovely thing. Unfortunately, however, the metropolitan parks board is having great difficulty in getting anywhere with the Indian affairs branch, which also comes under the Minister of Mines and Resources though in another category. Surely this is one matter about which not different departments of the government but this one department should do something, to see that, instead of being turned into gravel pits and an industrial development, the northern shore of the first narrows entrance to Vancouver is kept as green and lovely as is the Stanley park side, which is under the control of the city of Vancouver. The metropolitan parks board have done everything they can in the way of buying adjacent private land, and also in securing co-operation from the provincial government, but this is a problem solely for one department of the federal government, the Department of Mines and Resources. It can bring together the unused Indian land which could be acquired by the metropolitan parks board and the national parks system, to ensure that for all time our loveliest harbour entrance shall remain as it is today.

So I leave these two suggestions with the minister: first, that the national parks system look into the problem of the Indian reserve at the entrance to Vancouver harbour, and, second, that our national parks policy henceforth be concentrated on making our national parks available to our ordinary citizens, by developing parks closer to the large metropolitan areas and seeing to it that in these parks we provide accommodation within reach of the Canadian citizen of ordinary means.

Mr. A. W. STUART (Charlotte): Mr. Speaker, many hon. members from the western provinces have taken part in this debate, and coming from the maritime provinces I feel that I should also say a few words. After listening to the debate, I am convinced that the difficulty in selecting a site for a national park in New Brunswick was due to the fact that little could be done that would in any way improve the beauty we already have. To emphasize that fact, I want to tell a little story about a gentleman from my county who died a few years ago, and naturally went to heaven. When he was passing in through the pearly gates St. Peter asked where he was from. When he told him he was from Charlotte country St. Peter replied, "Step inside, but I know you will be dissatisfied after you get there."

I wish to associate myself with the remarks of many of the speakers who have taken part in this debate. It has been good to listen to various hon. members bring before the minister and the house the problems from their provinces. A matter was brought up today by the hon. member for Royal (Mr. Brooks), as to the selection of the national park in our province. I realize that at the time the selection was made, several spots in the province were being considered. Only one could be chosen; and, regardless of the site selected, many of us would feel that we were robbed. In my own county, the Lepreau area, which borders on St. John county, for many years had been considered a natural site for a national park. It was looked over very carefully; but my information is that it was considered to be too close to the international border and for that reason was given up. That site would have been fifty or fifty-five miles from the state of Maine. It borders on the bay of Fundy, which in itself would be a

guarantee of beauty. In that area are wonderful salmon streams and a paved road running through to Saint John. The area also contains a marvellous game reserve, and in many ways I feel was superior to any other site under consideration in New Brunswick. For some reason or another, however, it was decided to go to Albert county.

We realize, of course, that Albert county has plenty of beauty also, and that when the road is completed through from St. John county to St. Martins, through the mountains, they will have a beautful spot. I know the people of my county were very much disappointed when the selection was made, and I imagine the hon. member for Royal received the same report from his section of the country.

When this park is built, however, I believe the minister should take note of the discussion this evening and see that plenty of tourist accommodation is provided. In our province we have some wonderful tourist accommodation, but we also have other accommodation which is not so good. Through the town of St. Stephen, which is twenty miles from where I live and which is called the gateway to the maritimes, we get many visitors from Maine, New York state, Connecticut and Massachusetts. I believe the provincial and federal governments should take some steps to provide supervision of these tourist cabins. If a tourist comes in and finds the accommodation not so good, the report he makes when he goes back home may be harmful and have far-reaching effects. In my own home town, we have some very nice hotels, including the Algonquin hotel operated by the Canadian Pacific Railway Company. The accommodation there is good; but in the country places between the towns and cities I believe a great deal could be done to improve the accommodation available for tourists.

Mr. POULIOT: If I may be permitted to ask a question, I believe Campobello, where President Franklin Roosevelt used to spend his summers, is in your county?

Mr. STUART (Charlotte): It is just another jewel in the crown.

Mr. R. R. KNIGHT (Saskatoon City): Mr. Speaker, this has developed into a most delightful and leisurely debate; if indeed one may call it a debate. We have heard poetry from Temiscouata, have listened to descriptions of the beauties of British Columbia and Ontario, and have heard even the financial wizardry of our friend the hon. member for Macleod (Mr. Hansell).

I agree with the hon. member in the idea of a national highway and would support him in it, because I believe, until we have that highway, we shall never have any great success in the tourist business. I believe, if we had a national highway running through northern Ontario, and dividing into two branches at Winnipeg, one following the main line of the Canadian National and the other of the Canadian Pacific to the west coast, we would have something on which to base a tourist industry. It might then develop that we would see some of our friends from the east more frequently than we do now. It is to be regretted that in the west we do not see many people from Ontario, and certainly many less from Quebec. I am sure they would be welcomed. Perhaps because of the very fact we are in the west, those of us who live out there have probably become greater travellers than our compatriots in the east.

Let me at this point make the single observation concerning national parks that I had in mind when I rose to speak. I would urge upon the minister and the government, that they are trustees for the preservation of the playgrounds of the common people of Canada. I believe the object in the operation of national parks is to provide the greatest joy for the greatest number. That point was brought out by my leader the hon. member for Rosetown-Biggar (Mr. Coldwell) and in some respects was repeated by the hon. member for Vancouver North (Mr. Sinclair).

I have no intention of indulging in a Cook's tour or a geographical survey, as some hon. members have done. I shall attempt to stick to the impact of the single idea I have in mind. I would refer particularly to Prince Albert national park on lake Waskesiu. I had some trouble a couple of years ago in impressing upon the people who manage that park that those who have tents and shack-tents—and I do not know whether hon. members are familiar with that last term; I hope they will never have to live in one—should have equal or even better privileges than people who can afford expensive cottages.

The situation was that there was a first-class street, if it could be so described, facing the lake. The people who were in those shack-tents have frequented that street for ten or twelve years. One day they were informed they would have to move back into the bush so that the place could be zoned for a group of expensive cottages which were to be erected on land to be leased for that purpose by the dominion government. We thought that was unjust treatment at the time, but it was done. These people were put out of their ordinary locations.

I would emphasize upon the minister the fact that in my view those are the people who

need a holiday near a good, clean, blue-water lake. They go up there, a distance of 180 miles, every year, as soon as the schools close. It offers a cheap way to get a holiday. They can turn their children loose. There is water and fishing and bathing. There are the great and mighty woods, and flowers and trees, things which these children have no other opportunities during the year to see.

People who are in better financial circumstances can choose places. They can go to those resorts about which the hon. member for Macleod was speaking. They are millionaire propositions, anyway, that is, so far as Banff, Jasper and lake Louise are concerned.

Mr. GIBSON (Comox-Alberni): That lets us out.

Mr. KNIGHT: But these are people who have only the one chance to breathe clean, fresh air. And I do not think that, after they have established themselves in shack-tents for ten or twelve years, they should be asked to go back into the bush so that a place which was capable of accommodating sixty families before might now be occupied by twenty families in expensive properties. That is the point I wish to strike home.

One other matter I would mention is the importance of making a wise choice for the position of superintendent. I would say it is much more important to have a superintendent imbued with that idea than to have one with the idea of keeping his park very tidy and perfectly run, so that when the inspector comes from Ottawa he can get a high mark.

The point is that the people about whom I have been speaking need holidays, and should have an opportunity to get them. Public parks are, to my mind, places where we should attempt, by the preservation of fishing, the woods and the flowers and shrubs, and those things which most ordinary people and all children love, to heal the scars which have been created in great part by a careless and greedy commercialism.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, the hon. member for Muskoka-Ontario (Mr. Macdonnell) has asked me if I have a national park in my constituency. No, I have not; but I have many people in my riding who would like to have an opportunity to go to a park once in a while. That is my reason for saying a few words in this debate.

If I had not sat across from the Acting Minister of Mines and Resources (Mr. MacKinnon) for several years, and come to the conclusion that he is a pretty wise individual, I would be afraid that he might be carried away by all the oratory we have heard this evening about national parks, and that he would go on a jamboree of spending the resources of the country in order that a few Americans might have an opportunity to shoot wild game.

I agree with the hon. member for Vancouver North (Mr. Sinclair) that our first step toward making recreation available to our people should be the development of those park sites which are close at hand, so that they would be accessible to the people living in our large cities. The hon. member referred to Stanley park. I agree with him that perhaps no other park in Canada is used so much as that playground in Vancouver.

But there are many people in Vancouver who find it difficult to afford the means to go to Stanley park with their families for a picnic once in a while on Sundays. It is these people I am thinking about. Today the great majority of people in British Columbia are far more interested in the debate we had earlier this afternoon than they are in this one. They are more interested in learning how they are to get homes in which to live than they are in having an opportunity to shoot wild game in a national park.

The hon. member for Macleod (Mr. Hansell) issued a challenge to the leaders of the different parties to say where we were going to get the money to develop our parks. But parks are not built by money. May I tell him that parks are built with the labour and sweat of those who build the roads and other improvements which make them parks.

An hon. MEMBER: Still no money.

Mr. MacINNIS: There is plenty of money. But the first thing we should do with that money is to build houses for the people of Canada. We are not doing that. If we are to put our people at building roads around parks and building facilities for millionaires to use, there will not be sufficient labour available to build homes. And it is homes we need at the present time, not roads around hundreds of thousands of acres of parks. Only after we have provided our people with homes should we consider spending money on national recreational facilities.

Not one person out of one hundred in Vancouver will ever see Banff, lake Louise or Jasper. I have never had the time myself to stop off at Banff or lake Louise, although I had the means to go there. A great majority of the nearly 500,000 people in greater Vancouver will never see those places unless we have another war and air fields or military camps are established nearby and they get a chance to visit them in that way. Let us put

first things first. Parks are a luxury, and what the people of Canada want now are homes in which to live.

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, it occurs to me that the house and the country would be disappointed if in a discussion of the beauty spots of Canada no mention was made of Vancouver island. I notice that the other two members from Vancouver island are not in their places tonight, so I think I should call the attention of the minister to the fact that that area is the most accessible in British Columbia to the vast majority of the population to which the hon. member for Vancouver North (Mr. Sinclair) referred. Yet there is no national park in that great country.

The minister has been there, so that I do not need to tell him about the magnificent timber to be found there as well the largest game fish, including the Tyee salmon. It occurs to me that the government should try to make some arrangement with the Canadian Pacific Railway Company for the development of the forbidden plateau area behind Courtenay. This land is owned by the Canadian Pacific, being part of the old Esquimalt and Nanaimo land grant. It is private property, and I understand that the government never takes over land as a national park unless it has title to all minerals, timber and everything else.

It would seem to me that the government might explore the possibility of making an arrangement with the Canadian Pacific and allowing them to retain the mineral rights. It would appear to be a great deal to ask a private corporation to give up something when they do not know whether it has any value. I ask the minister to discuss this matter with his deputy and see if something cannot be done.

All along the Pacific coast with its view of the great Pacific ocean there are no facilities for the public of Canada to come and take a look. An airport costing $7,000,000 was built at Long Beach, one of the most magnificent natural sites in Canada. It was the intention to put in a road during the war, but difficulties developed. The necessity for that road is still there, because that country has great natural resources in timber and minerals. It is not always necessary to take 10,000 square miles as a national park; it seems to me that smaller areas could be developed.

I should like the minister to take up this matter with his deputy to see if something cannot be done on Vancouver island. As I say, that is the most accessible part of our province to the great majority of our population.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, it is clear this is not a debate on national parks but has developed into a competition as to the scenic beauties of the different constituencies. The district of Muskoka has many of the advantages which the hon. member for Vancouver East (Mr. MacInnis) desired to have available to the people. It has facilities to fit any purse, and it is crowded with people of all kinds who come long distances because of its convenience.

At the present time I have the honour to represent Muskoka, but, due to the great kindness of those responsible for the redistribution bill, if I am successful at the next election I shall also represent Parry Sound, which is much larger than Muskoka.

An hon. MEMBER: Not yet.

Mr. MACDONNELL (Muskoka-Ontario): I admit that I may have to improve my brand of hockey. If I am to be judged by that I doubt very much if I shall be successful, but there you are and we shall have to face that when we come to it. These two areas offer every type of facility for enjoyment and they are most accessible to everyone. I consider I would be remiss in my duty if I did not bring them to the attention of the house.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, I had not intended to say anything, but I notice that the hon. member for Essex South (Mr. Clark) is not in the house at the moment and I feel I should say a word about Point Pelee, one of the Ontario national parks. I rarely talk about my own riding, so I hope the house will forgive me if I speak about another part of Ontario.

Point Pelee has an area of about six square miles and it extends farther south toward the United States than any other part of Canada. It is a beautiful park, although largely in the raw state as yet. I should like the minister to take up with his department the preservation of the east coast of the point which extends some ten or twelve miles into lake Erie.

Some two or three weeks ago I made an examination of the park, and I found the east coast being destroyed by wave action to such an extent that I presume perhaps a quarter of a mile had already been washed off the point. The department ought to take vigorous measures to preserve this park which is important to that part of Canada. Every year it is

visited by thousands of people from Detroit, because it is an interesting and beautiful park. It is not at all like the parks which have been mentioned and with many of which I, too, am familiar, having visited them all. However I shall say nothing about them tonight. I rose merely to bring this matter to the attention of the minister and his officials, in the hope that they will proceed before long to correct this damage. The last storm caused a great amount of damage along the east coast of Point Pelee national park.

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): Mr. Speaker, I do not intend to follow the various speakers. We have had a most interesting discussion this evening, although I did not anticipate it on this bill. I rather expected that these various matters which have been covered tonight would more likely come up when the departmental estimates were before the house.

I should like to take this opportunity to express my regret at the absence, through illness and for recuperation, of my colleague, the Minister of Mines and Resources (Mr. Glen). It has been my pleasure to attempt to carry on during his absence, but I, and I know also all hon. members, sincerely regret his absence.

I do not propose to discuss the attractions of the various parks, and I shall certainly not attempt to compare one with the other. We are giving considerably more attention this year to our parks than we have been able to give in recent years. The hon. member for Macleod (Mr. Hansell) forestalled me, but last year our expenditures on national parks were some two and a quarter million dollars, whereas this year we will spend about seven and a third million dollars, or something over five million dollars more. That money is being expended to improve facilities in our national parks and to build roads leading into the parks.

The hon. member for Calgary West (Mr. Smith) mentioned several practical matters as to conditions in Banff national park. I am glad to be able to tell him that some of the suggestions he made in the debate this afternoon are being carried out by the parks branch. I refer particularly to the supervision of sports in the parks.

Various members have spoken of the advisability of co-operation with the provinces in promoting the tourist industry in relation to the national parks. We have received from and are giving to the various provinces the most active co-operation in this work, and I take this opportunity to acknowledge the co-operation we are receiving from the provinces.

[Mr. MacNicol.]

The hon. member for Royal (Mr. Brooks) asked a question as to the location of the national park in New Brunswick. There are few members of this house to whom I would be more anxious to give a courteous and complete answer, but I think my hon. friend really did not expect me to explain why the park in New Brunswick was located in a particular part of the province.

Mr. BROOKS: I have asked the question a number of times in other sessions and I have never got an answer, so that I really did not expect one from the minister.

Mr. MacKINNON: The province of New Brunswick is so fortunate as to have not only one delightful site for a park but four or five, I am told. I tried to find out during the dinner recess if there were any special reason for locating the park in one place more than another, and I was unable to get any explanation except that there was such a plentiful supply of delightful scenery and excellent locations in the province that there was great difficulty in making the final selection.

Mr. BROOKS: When the department sends out its inspectors to inspect the different sites and they report on one site being better than another, does the department take that inspector's report into consideration, or did it choose the site for this national park for some other reason?

Mr. MacKINNON: I have no doubt that the department took into consideration the reports received from its inspectors as well as information gleaned in other ways. I am quite sure that there is general satisfaction in the province of New Brunswick that there has been established there what will be a great national park.

Mr. BROOKS: We are pleased indeed that there is to be a national park there.

Mr. MacKINNON: As I said, Mr. Speaker, I expected that a good deal of this discussion would come up on the estimates of the department. The bill before us is nothing more or less than a consolidation of various special acts under which the various national parks were organized and for the creation of a national park in New Brunswick.

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

On section 1—Parks.

Mr. HAZEN: Has the dominion government received a good title in fee simple to the lands described on pages 29 and 30 of the schedule to

this bill, which constitute the New Brunswick national park, containing 79½ square miles?

My second question is this. If so, has the land been conveyed to the dominion, and if it has, was it conveyed by deed or instrument in writing from the government of New Brunswick to the dominion government? If so, what was the date of this deed or instrument, and has it been recorded in the office of the registrar of deeds in Albert county, New Brunswick?

A third question is, have the families who have their homes in what is now this new national park—and there are a number of them—been compensated for their properties that have been forcibly taken away from them? If they have not, will they be allowed to remain on their properties until they are compensated adequately for the loss they have sustained? It is, I might add, a serious matter to take a person's home away from him by process of law, especially when his home and his means of livelihood are closely associated as they are in the case of many of those who have lived for many years in the area which has now been taken over for this national park. These people should be liberally compensated before they are forced to move. Can the minister tell us just what the position is?

Mr. MacKINNON: The government of New Brunswick provided the land free of encumbrance to the dominion for a site for a national park. They also undertook to compensate the people whom it was necessary to dispossess in the acquiring of the lands. I am advised that the dominion government, naturally after long negotiations, has recently secured a good title and that conveyance has been made. I think it has been recorded, although I cannot say so definitely. If it has been recorded, it must have been very recently.

Mr. HAZEN: Can the minister give me the date of the conveyance from the province of New Brunswick to the dominion?

Mr. MacKINNON: I am advised it was about five or six weeks ago. I have not the exact date.

Mr. HAZEN: Can the minister tell me whether the families who have lived in the area for many years have been obliged to move or are they still living there?

Mr. MacKINNON: I have no official information on that. It is a matter between the province and the owners of the property.

Mr. KNOWLES: May I ask one question for information, and if the minister has not the information, perhaps the hon. member for Temiscouata will have it? When this amendment is made, the section will read:

> The lands described in the schedule to this act constitute the national parks of Canada.

I notice that the schedule has eight parts, indicating that there is at least one national park in each of eight provinces. Are there no national parks in the province of Quebec?

Mr. MacKINNON: There are no national parks in the province of Quebec.

Mr. KNOWLES: Is there any particular reason for that; any constitutional reason, provincial or otherwise?

Mr. MacKINNON: No.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—Repeal.

Mr. MacNICOL: May I ask the minister whether the description of the boundaries of Wood Buffalo park, particularly as referred to on page 13 of the bill, are correct. I begin half-way down the page:

> . . . thence westerly and northerly following the said low water mark of the southerly and westerly shore of lake Athabaska to a point nearest the beginning or southern end of the main channel of the stream known as rivière des Rochers;—

That is called after a few large rocks in the river.

> —thence easterly in a direct line to the centre of the said main channel of rivière des Rochers at its southern end; thence following downstream the centre of the said main channel of rivière des Rochers to a point nearest the centre of the main channel of Slave river.

What is the significance of that? The Slave river is formed at the junction of rivière des Rochers and Peace river. I have been over the area and am fairly familiar with it. I do not understand what that means, "to a point nearest the centre of the main channel of Slave river". That would be past the junction of the Peace river and rivière des Rochers? I am not finding fault; if that is what it means, that is all right.

Mr. MacKINNON: I know the hon. member has been in this locality and I have crossed it myself not only by air but by ship. I know the surveys were made under the direction of the surveyor general and I take them to be correct. I believe the Slave river is so called after passing the confluence of the Peace river and the four channels of the river that empties lake Athabaska.

Mr. MacNICOL: The Peace river flows into rivière des Rochers about forty miles north of Lake Athabaska. It flows in from the west through about five mouths, and what I should like to know is this. Does the boundary begin

at the confluence of the last mouth of Peace river with rivière des Rochers, after which it is called Slave river?

Mr. MacKINNON: I shall be glad to get a plan to show it to the hon. member.

Section agreed to.

Bill reported, read the third time and passed.

WHALING AGREEMENT

APPROVAL OF INTERNATIONAL CONVENTION SIGNED AT WASHINGTON ON DECEMBER 2, 1946

Hon. ALPHONSE FOURNIER (Minister of Public Works): Mr. Speaker, may I ask that you revert to government notices of motions in order that the Minister of Fisheries (Mr. MacKinnon) may move a motion for the Secretary of State for External Affairs.

Mr. SPEAKER: Government notices of motions.

Hon. J. A. MacKINNON (for the Secretary of State for External Affairs) moved:

That it is expedient that the houses of parliament do approve the international convention for the regulation of whaling, signed at Washington on December 2, 1946, and that this house do approve the same.

He said: Mr. Speaker, I wish to make a short statement. This is a motion only, to approve Canada's participation with fourteen other countries in an international agreement for the regulation of the whaling industry. The senate has already discussed this matter and, after a brief debate, fully approved the international whaling convention signed by Canada at Washington on December 2, 1946. There is not a great deal I can usefully add to the discussion which occurred in the other place on February 12 of this year.

The Washington convention is not the first agreement in regard to whaling, in which Canada has taken part. Such a convention was signed at Geneva in 1931 and again at London in 1937. The present agreement is based on the principles of the London convention. One new feature of the Washington convention, however, is that under its provisions an international whaling commission is established for the first time, modeled on the Canada-United States international salmon and halibut commission. This commission will be composed of one representative from each participating country. Until the Washington convention comes into full effect, a protocol signed at Washington by the interested nations continues in force the regulations agreed upon in London.

Because of scientific and technical progress in the industry, it is necessary from time to time to revise and amend these international arrangements governing whaling activities. As in the case of the pacific fur seals, unless some international rules are observed, whales might also in time become almost extinct. There are many kinds of whales and this agreement seeks to eliminate over-fishing of any type. The killing of young whales is absolutely prohibited. Protection is also given to certain other varieties, and catches are limited in certain areas. Each of the contracting governments agrees to take proper measures to punish infractions of these regulations which come within their respective jurisdictions. The proposed international commission will have power to make regulations, but it will be the responsibility of the contracting governments to provide the necessary protection and to enforce such regulations.

Canada should take an active interest in the whaling industry because her Arctic territory is inhabited in considerable numbers by certain types of whales. The whale is particularly valuable in producing large quantities of oil and whalebone. Refined whale oil makes a valuable contribution to the world's supply of edible oils. In making its decisions, the new commission will take into consideration the interests of consumers of whale products. Also aborigines are free to kill whales for food under the Washington agreement.

Canadian commercial whaling activities have not been extensive. Since 1911 the industry has functioned to some extent on both the east and west coasts of Canada. In 1911 a whaling station was established by a private firm on the north shore of the St. Lawrence, but its operations ceased in 1915. A company operating on the Pacific coast commenced whaling operations in 1910. About 600 men were employed at one time by this firm, but its operations terminated in 1943. A new firm has recently been organized in British Columbia and is now applying for a licence to carry on whaling activities off the west coast. This company expects to use at least three whaling vessels this season. The adherence of Canada to the Washington convention will have no serious modifying effect on this particular project.

The nations which were represented at Washington and whose delegates signed the whaling convention were: Argentina, Australia, New Zealand, Brazil, Canada, Chile, Denmark, France, The Netherlands, Norway, Peru, the Union of Soviet Socialist Republics, the United Kingdom, the United States and the

Union of South Africa. When six of the signing governments, including The Netherlands, Norway, the Union of Soviet Socialist Republics, the United Kingom and the United States, have deposited ratifications, this convention will come into force. It also becomes binding upon any other government which joins in ratification. Any contracting government may withdraw from the convention on June 30 of any year by giving six months' notice.

I believe it to be a wise thing for Canada to enter into this international agreement and to take its place in the world whaling industry.

Mr. G. A. CRUICKSHANK (Fraser Valley): I should like to ask a question of the minister. Is it my understanding that Soviet Russia and Canada have agreed to use whale oil for the manufacture of oleomargarine in competition with butter in Canada?

Mr. MacKINNON: The answer is no.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Before the motion is carried, I wish to say a few words. I remember that I made a few jokes in 1935 when Mr. Bennett made this agreement a part of his social legislation. Social legislation was extended to whaling. It was quite funny, because whales were supposed to belong to the old order. He, however, brought whales into the new order; and they took up such a large space in it that everyone was astounded. I wonder what number of whales are caught in Canadian waters each year? Some people may learn something about whales through reading the agreement. The agreement is not with the resolution. I hope it will be in the schedule to the bill. We are told that it is about the same thing as the previous convention. Article 6 of the convention on the regulation of whaling, approval of which Mr. Bennett moved in the house on June 4, 1935, is found at page 3252 of *Hansard* of that date, and reads as follows:

Article 6

The fullest possible use shall be made of the carcases of whales taken. In particular:

1. There shall be extracted by boiling or otherwise the oil from all blubber and from the head and the tongue and, in addition, from the tail as far forward as the outer opening of the lower intestine.

The provisions of this subparagraph shall apply only to such carcases or parts of carcases as are not intended to be used for human food.

We do not know what we are eating when we hear of these substitutes. Then there is article 10, which I can read in view of the fact that our lady colleague is not at present in the house. It reads as follows:

Article 10

1. The high contracting parties shall obtain, with regard to the vessels flying their flags and engaged in the taking of whales, the most complete biological information practicable with regard to each whale taken, and in any case on the following points:

(a) Date of taking;
(b) Place of taking;
(c) Species;
(d) Sex;
(e) Length; measured, when taken out of the water; estimated, if cut up in water;
(f) When foetus is present, length and sex if ascertainable;
(g) When practicable, information as to stomach contents.

2. The length referred to in subparagraphs (e) and (f) of this article shall be the length of a straight line taken from the tip of the snout to the notch between the flukes of the tail.

That phraseology, Mr. Speaker, may be highly technical, but it is quite amusing to those who are profane.

Then there is article 17 which is full of solemnity. It shows how busy were the bureaucrats of the defunct league of nations. I presume that those of the united nations will have a similar occupation. Article 17 reads as follows:

Article 17

The present convention shall enter into force on the ninetieth day following the receipt by the secretary-general of the league of nations of ratifications or accessions on behalf of not less than eight members of the league or non-member states, including the Kingdom of Norway and the United Kingdom of Great Britain and Northern Ireland.

As regards any member of the league or non-member state on whose behalf an instrument of ratification or accession is subsequently deposited, the convention shall enter into force on the ninetieth day after the date of the deposit of such instrument.

And so it goes on. Is it necessary to have all that solemnity about whales? I can imagine all the fellows there in the big building of the league of nations at Geneva trying to find new words in order to show their importance in the drafting of a so-called convention like that. And by the way, it was not a convention; it was a draft convention that was left for anybody to accept or reject. But they called it a convention in order to make a greater impression on the people with regard to what they were doing in the whaling business. Now the same thing is happening. We hoped that the united nations would be superior to the league of nations, but they indulge in the same trifling business as did the dead league. They will go on like that

until we have a new war or until the people cease to be credulous enough to give them any importance.

We are all for the protection of the whaling industry. But why should people waste time in big efforts to write instruments like that one, which is the laughing stock of all those who peruse *Hansard* and see it. I was surprised, when I read it again, to see the false solemnity of those who want to impress us with words which may have a special meaning but are certainly not understood by those who harpoon whales.

When the matter comes before the committee I hope the minister will be kind enough to tell us what was the percentage of whales killed in Canadian waters during the last year. I hope he will tell us what was the total number of whales killed in Arctic and Antarctic waters, and what was the percentage killed in Canadian waters, so that we may know exactly what our interest is in the matter. I hope the minister will be kind enough to tell us that and also how many people in Canada are interested in the hunting or harpooning of whales. It is a fine sport. It cannot be indulged in, in a national park, but it deserves special consideration because one whale in itself is big business.

Mr. W. CHESTER S. McLURE (Queens): I understand that each of the sixteen countries subscribing to this convention is permitted to have factory ships, as they are termed, and I should like to ask the minister one or two questions on that basis. When whales are taken, how are they processed, and to whom go the proceeds of this whaling, under the permit issued to each country?

Mr. MACDONNELL (Muskoka-Ontario): I wonder if the minister is going to answer my hon. friend?

Mr. MacKINNON: We are not in committee.

Mr. SPEAKER: I suggest that the minister may answer when he replies.

Mr. KNOWLES: We do not go into committee on this.

Mr. J. M. MACDONNELL (Muskoka-Ontario): I am not sure that I understand this. Apparently we are now asked to approve this international convention, which I for one have never seen, though perhaps that is my own fault. The minister has made a statement concerning it; and while I do not want to fall into the false solemnity of which the hon. member for Temiscouata (Mr. Pouliot) made such pleasant fun,

[Mr. Pouliot.]

which I enjoyed, I should like to ask one or two serious questions, though not solemn ones, I hope.

First of all, I notice that the government does not seem to take this matter very seriously. This convention was signed on December 2, 1946, and I am interested to know why some seventeen months should be permitted to elapse before it is brought into the house for approval. Then it seems to me we are being asked to act blindly in this matter, and I do not feel that I am able to give an intelligent vote on it at the moment. Perhaps, after I ask a few more questions, I may be more intelligent.

I understood the minister to say that one of the duties we assume under this convention is the virtual policing of a certain section of the ocean. If I am correct in that, then it seems to me to raise certain questions. How do we do that? We are right next door to the U.S.S.R., which is one of the signatories to this convention. Are we in fact responsible for a certain section of the ocean? If so, how do we make that control effective, or is it all just talk and play acting? Second, what do we do if we find any infractions? The minister was at pains to tell us that the industry had been rather a trivial affair here in Canada, and I realize that. I understand that in England it is not so trivial now, that they are beginning to eat whale meat as a substitute for other meats they cannot get; and I know that in times past it has been a serious matter and can become such again.

Personally I do not feel that we should be asked to vote on this without knowing something more about it. I do not know what would be the sensible thing to do. I take it we have not seen this convention. If I am wrong in that the minister will tell me; perhaps we should have seen it. Perhaps we are not being asked to vote as blindly as I think we are, but as far as I am concerned the vote as it stands would be a meaningless thing.

Mr. D. KING HAZEN (Saint John-Albert): I agree with the hon. member for Temiscouata (Mr. Pouliot) that we should have more information about this agreement and this international convention for the regulation of whaling that was signed, I presume by the dominion government, in Washington on December 2, 1946. No doubt the purpose of the agreement is to protect the whaling industry and to prevent the wanton destruction of whales. I presume it is largely a conservation measure. Well, in 1936, I think it was, the minister told us that a previous agreement had been entered into at Geneva. Since that agree-

ment was entered into, has there been an increase in the whale population? Have the regulations made at that time been effective? Have they been lived up to; and, as a result, has there been an improvement in the number of whales? I think the minister might give us some information along those lines.

Then the minister told us that the convention of 1946 establishes a permanent international commission, and I think he said in that respect it differed from the previous Geneva agreement. I should like to ask who the Canadian representative on this permanent commission is and whether his time is fully taken up with his duties there, or whether he is a member of one of the government departments, part of whose time is occupied as our representative on this commission.

We have been told also that the commission will have power to adopt the rules and regulations at present embodied in the schedule to the agreement, which I have not before me, and to adopt new regulations. Do those regulations have to be approved by the parliament of Canada before they come into force, or is this commission to be given power to make any rules and regulations it may see fit, which will impose liabilities upon the people of this country, with the parliament of Canada having no say about the matter? I think we should have some information on that point.

Another point has occurred to me. I understand that Japan has not signed this agreement. Further, I understand that Japan is getting a whaling fleet ready again to go on the high seas. Can Japan go out and use her fleet as she sees fit, not complying with the regulations which have been agreed to by the countries which have signed this agreement and with which they must comply?

Mr. H. W. HERRIDGE (Kootenay West): I should like briefly to support the remarks of the hon. member for Muskoka-Ontario (Mr. Macdonnell) and the hon. member who has just resumed his seat. I am very much in the dark as to what this is all about. That may be my fault, but in the first place I cannot understand why this should be brought before the house at this time after having been signed on December 2, 1946. Then I think we should have much more information concerning the whole whaling industry, as well as information with regard to the powers of the commission. We should know who are the owners of the Canadian ships that are engaged in whaling. What are the products of the whaling industry; what use is made of them, and what is their value? I am given to understand that there is a close connection between the whaling industry and the campaign for margarine. So I think we should have very much more explanation than we have had thus far, because I must say that as a member of this house I am almost completely ignorant of what this means.

Mr. CRUICKSHANK: I should like to ask the minister one or two questions.

Mr. SINCLAIR: On a point of order, Mr. Speaker, the hon. member has already spoken in this debate.

Mr. CRUICKSHANK: Well, of course, if the hon. member who is sponsoring oleomargarine is afraid to face it—

Mr. SPEAKER: Order. I am sorry, but an hon. member is allowed to speak only once. He may not speak twice.

Mr. CRUICKSHANK: I only asked a question.

Mr. SPEAKER: The hon. member may proceed.

Mr. G. A. CRUICKSHANK (Fraser Valley): I only asked a question before, Mr. Speaker; I am now going to make a speech. If the oleomargarine interests are going to try to keep the hon. member for Fraser Valley quiet when he wants to speak for the protection of the dairy farmers of Canada, then I will make a speech. I want to know in this connection just how Canada is prepared to dispose of her share of the whaling industry. My hon. friends will have their innings; I am speaking on behalf of the dairy farmers. How does Canada intend, under this so-called treaty, to handle her share of the whaling industry on the high seas?

I want an explanation of that from the ministry. I want to know how whale oil has been disposed of in the past.

Mr. STUART (Charlotte): Oleomargarine.

Mr. CRUICKSHANK: I am delighted to hear that interjection, because I know perfectly well that is the reason whale oil has been introduced into this debate; it is to be used for margarine. Also, through you, Mr. Speaker, I want to know how whale oil is disposed of in Newfoundland.

Mr. STUART (Charlotte): Oleomargarine.

Mr. CRUICKSHANK: Again I appreciate the interjection.

Mr. SPEAKER: Order. I must ask hon. members not to interfere when the hon. member for Fraser Valley is speaking; and I would ask the hon. member for Fraser Valley not to anticipate another debate.

Mr. CRUICKSHANK: I never even once interjected the reference to oleomargarine. But my hon. friends from the maritimes who are sponsoring this whale oil business brought margarine into it, because they know that is the only reason they want whale oil.

I should like to ask through you, Mr. Speaker, that the minister, who is so conversant with the fishing industry in British Columbia and throughout Canada, tell us the advantage it will be to any part of Canada to enter into this treaty with respect to the whaling industry, in order that certain interested parties in a place I am not allowed to mention, a place I can only dream of, and never hope to attain—

An hon. MEMBER: Heaven.

Mr. CRUICKSHANK: Well, it is not so far away, in another part of this building. I want to ask the minister what revenue came to Canada from the whale oil business. Some of my hon. friends who advocate margarine want to speak about this. They can speak for themselves. I want to ask a straight question, through you, Mr. Speaker: What is the revenue to the Dominion of Canada from whale oil, and how many gallons have been produced and sold through Canada? How were they disposed of in years past? How is it proposed to dispose of the future production of whale oil in Canada? What will be the expected production of whale oil in years to come?

Mr. KNOWLES: A whale of a question.

Mr. CRUICKSHANK: That is all right; these oleomargarine experts can have their say. They will have an opportunity to make their speeches; let me make mine.

Mr. SINCLAIR: We made ours on the margarine debate, though.

Mr. CRUICKSHANK: What is the expected production of whale oil? I will bring it down to a given period of time. What is the expected production of whale oil in the Dominion of Canada for the next four years? How is that whale oil to be disposed of in Canada? What adverse or favourable effect will it have on the economic situation in Canada?

I hope the minister is getting all these down, because I want answers to them. I represent 458,000 dairy farmers in Canada; not some ten manufacturers and processors of whale oil in a place not so far from here, in the other chamber. I would ask the minister how much whale oil was produced over the period of the last ten years and what the estimated production of whale oil will be in the next ten years.

[Mr. Speaker.]

Quite frankly, I am definitely opposed to the use of whale oil in the production of butter. My hon. friend can have all the say he wishes, to use it for butter. I shall have my say later.

I have another question, through you, Mr. Speaker: have any direct connections been made with Russia? I understand that if it snows on a sunny day we blame everything on communism. I want to know what direct connections have been made with Russia with respect to whale oil production; and in that connection has anything been mentioned about oleomargarine?

Mr. A. L. SMITH (Calgary West): Mr. Speaker, before the minister makes his speech, which will close the debate, and in order that we may all vote intelligently, may I say I have always understood that a whale is a mammal and gives milk from which butter may possibly be made; that is, if we can only catch the whale and milk her.

So in order that we may catch up with this question, I should like the minister when he closes the debate to tell us how many teats has a female whale?

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, this discussion reminds me of the fur seal debate which took place a short time ago. I should like to remind the hon. member for Fraser Valley (Mr. Cruickshank) when he talks in such disparaging terms about the whale, that, after all, the whale is a mammal and, more than that, it is a mammal which takes a bath every day. And I think probably from that point of view it might be as clean as anything in the line of a dairy product.

Mr. SMITH (Calgary West): And should be under the Minister of Agriculture (Mr. Gardiner).

Mr. GIBSON (Comox-Alberni): I am certain that in that event we would have no fear that the oil would ever be used for oleomargarine.

I am happy to be able to say that in my view this will help the whaling industry in Canada. It is extremely important that Canada should take the whales which go past our coasts. The purposes for which we use the oil eventually, I cannot say; but I do not think it should be necessary for anyone who manufactures whale oil in Canada to explain to the dairy farmers what they intend to do with that oil, or how much they intend to make. I believe there will be a large quantity of whale oil made in the next ten years; I would not care to hazard a guess of how much that would be.

It would appear to me that, although I know very little about the whaling convention, that convention was made necessary by virtue of the fact that there had been a heavy depletion of the whale population in the Antarctic seas, through international factory whaling ships which go there. It was felt necessary to take some steps to protect these great mammals and see that their numbers were not further depleted.

I believe that Canada should subscribe to this convention and take our part in co-operating with other nations of the world in seeing that the whale population is adequately cared for.

Mr. CAMPBELL: How is the division of whales made? Who says what country will have a certain number of whales?

Mr. SMITH (Calgary West): Cut them down the back.

Mr. CAMPBELL: The minister referred to one company that was processing whales, and I should like to know what company that is.

Hon. J. A. MacKINNON (for the Secretary of State for External Affairs): Mr. Speaker, there has not been a whale caught or killed in Canada since 1943, and I think that statement will provide answers to most of the questions asked by the hon. member for Fraser Valley (Mr. Cruickshank). The Washington convention made in 1946 provided for the convention being ratified by the various governments interested. Up to date the only governments which have ratified the convention are those of Iceland, the United Kingdom, the United States and Australia. The purpose of this resolution is to give ratification by the Canadian parliament to the agreement of 1946.

I was asked the powers that Canada could exercise in carrying out the regulations. Canada can police only her own territorial waters and has the power to issue or cancel whaling licences. Japan is not a party to the whaling agreement, because that country is still under United States occupation. The whaling commission has not yet been formed, and it will come into existence when the convention comes into full force. Any country may reject the regulations on ninety days' notice according to article V, section 37, of the treaty.

In order to set the mind of the hon. member for Fraser Valley at rest in connection with oleomargarine, I may say that there is no thought of which I have any knowledge to use whale oil for the purpose of making oleomargarine. The hon. member for The Battlefords (Mr. Campbell) asked about the division of whales among the member nations; but, as I said, no whales have been caught or killed in Canada for five years. What I am asking for tonight is the ratification of the agreement entered into in 1946, which has been approved by the four or five countries I have indicated.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I should like to know what financial obligations on the part of Canada this will involve. The minister has explained that it involves the setting up of a whaling commission which is to be given certain powers. There will be certain expenses to meet, and I should like to know what provision is made for financing those and what share Canada will be required to pay?

Mr. MacKINNON: My information is that Canada will have one representative on this whaling commission. The expense will be very small, being merely that for one individual.

Mr. CRUICKSHANK: I should like to ask the minister a question.

Mr. SPEAKER: The hon. minister has closed the debate. Is it the pleasure of the house to adopt the motion?

Mr. CRUICKSHANK: On division.

Some hon. MEMBERS: On division.

Motion agreed to on division.

SUPPLY

TRANS-CANADA AIR LINES—AIR SERVICE TO AUSTRALIA

Hon. ALPHONSE FOURNIER (Minister of Public Works) moved that the house go into committee of supply.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, before Your Honour leaves the chair, there is a matter upon which I should like to say a few words and I think this can be done without keeping the house from getting into supply tonight. I am glad the Minister of Reconstruction and Supply (Mr. Howe) is in his place, because what I wish to speak about relates to a matter under his supervision.

A few days ago on the orders of the day I directed certain questions to the minister with regard to air service between Canada and Australia. I asked the minister if he could indicate what progress was being made by Trans-Canada Air Lines in implementing the Canadian-Australian agreement, and I also asked this question:

Is it still government policy that when this service is put into effect by Canada it will be by the government-owned air line, and not by any private company?

In reply to that question, the minister told me and the house that the T.C.A. had been fully occupied in establishing a trans-atlantic operation as well as an operation to South America, and therefore it had not been possible to give attention to the Australian service. I certainly have no quarrel with the minister's reply to that part of my question. In fact it is to the credit of the T.C.A. that it does not rush in, but it takes its time and makes sure that its operations are well established. However I was somewhat concerned over the nature of the minister's answer to my other question. Let me repeat the question that I asked in its precise terms, as recorded on page 3653 of *Hansard* for May 6, 1948. It was as follows:

> Is it still government policy that when this service is put into effect by Canada it will be by the government-owned air line, and not by any private company?

The minister's reply to that question was as follows:

> So far as government policy is concerned, I dare say when the matter is considered the government will be able to announce its policy.

I then asked:

> Has there been any change?

But to that there was no reply. I may say that this is a matter which I have followed with some interest for a number of years. As the minister and other members of the government know, I have frequently expressed strong support of most aspects of the government's aviation policy.

On April 2, 1943, the Prime Minister (Mr. Mackenzie King) made a basic statement with respect to the government's aviation policy as from that date. Part of that statement, as reported on page 1777 of *Hansard* of April 2, 1943, was in these words:

> Trans-Canada Air Lines will continue to be the instrument of the government in maintaining all transcontinental air transport services and in operating services across international boundary lines and outside Canada.

Then, on page 1778 the Prime Minister gave these words as a conclusion to his statement of that day:

> The policy of the Canadian government on air transport may be summed up as follows:
> (a) The government sees no good reason for changing its policy that Trans-Canada Air Lines is the sole Canadian agency which may operate international air services.

And so on.

Next year, starting on March 17, 1944, we had an interesting and somewhat extended debate on civil aviation. This was begun by the Minister of Reconstruction and Supply in a speech on that date, commencing at page 1571 of *Hansard*. On page 1579 of *Hansard* he quoted the statement of the Prime Minister which I have just quoted as having been made on April 2, 1943, and he confirmed that policy on behalf of the government, namely, that Trans-Canada Air Lines would be the sole Canadian agency to operate international air services.

The matter came up the next year in October, 1945, when the Trans-Canada Air Lines Act was amended. The amending bill provided for certain subsidiary corporations under T.C.A. for the handling of certain special operations. This subject was discussed in the course of that debate, and the minister reaffirmed the government's policy that international operations were to be carried on solely by Trans-Canada Air Lines.

The matter came up again the next year, 1946, in various ways, but I shall confine myself to the statement which the minister made in this house on August 30, 1946, as recorded at page 5640 of *Hansard*. On that date the minister announced to the house an agreement between Canada and Australia for air services between the two countries which had been signed at Ottawa on June 11. After making an oral statement to the house, the minister placed on the record a lengthy statement giving the details of the Canadian-Australian agreement, and part of that statement read as follows:

> It—

Namely, the agreement that had been signed.

> —provides for an exchange of traffic rights between Canada and Australia so that an air line designated by the government of Australia may put down and take up at Vancouver passengers, mail and cargo from Australia, while an air line designated by the government of Canada, which will be Trans-Canada Air Lines, may put down and take up in Australia traffic to and from Canada.

The significant phrase in that statement from which I have just quoted is the one to which I gave emphasis, namely, that the chosen instrument of Canada for the Canadian-Australian service would be Trans-Canada Air Lines.

We had a further discussion about aviation policy in the house last year, 1947, when the policy of the government was again reiterated. In other words, at no time since April 2, 1943, has there ever been any reluctance on the part of the government to state its international aviation policy. It has always been clear and definite that Trans-Canada Air Lines was to be the chosen instrument of the government for any service crossing an international border or for any service between

Canada and any other country. The statement which the minister gave in reply to my question the other day was the first to show that there has been any reluctance to state the government's policy. Instead of answering my question in the manner in which I thought he would—I thought perchance he would tell me that I knew what government policy in this matter was, or words to that effect—he said:

> So far as government policy is concerned I dare say when the matter is considered the government will be able to announce its policy.

I am not speaking with any heat about this matter, Mr. Speaker, and I am not anxious to throw out any unwarranted suspicions; in fact, I want to cut my remarks short, so that the minister can reply tonight because I do not want this matter to be left over. My reason for raising it is that I feel it should be settled. Perchance last Thursday when I asked my question on the orders of the day the minister did not take time to realize its import; possibly he was just giving the stock answer for a minister to give, that the government's policy would be announced in due course. My hope is now that he will tell me that I am all wrong in my suspicions and in my lack of assurance about this matter. I hope he will tell me that it is still government policy that any air operation across the border or from Canada to any other country will, so far as Canada is concerned, be operated by Trans-Canada Air Lines.

Just one other thought I wish to express and it is this. We have in the service that goes from the Yukon across to Alaska a case where the policy of the government operating the service is implemented by T.C.A. subletting that particular operation to Canadian Pacific Air Lines. That may meet the letter of the law, but I am sure it does not meet the spirit of the government's policy. That would not be a proper implementation of the spirit of the Canadian-Australian agreement in which the government specifically said that Trans-Canada Air Lines would operate that service. There is more I could say, but I shall sit down for the specific purpose of enabling the minister to answer me and I hope he can set aside my fears and suspicions about this matter.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): I must say I do not understand the position of my hon. friend. He has spent five or ten minutes in approving the policy of the government, and then he asks me to deny it or confirm it. On the orders of the day a few days ago, he asked me the question he read out a few minutes ago, which was roughly to the effect, what was T.C.A. doing in the Pacific and what was government policy in connection therewith? I answered that part of the question for which I am responsible. I am the minister responsible for Trans-Canada Air Lines and I told him exactly what Trans-Canada Air Lines was doing. I am not the minister who announces government policy on civil aviation. The Prime Minister (Mr. Mackenzie King) announced to the house two or three weeks ago that that responsibility had been transferred, and my hon. friend cheered when that announcement was made, so that he should know it better than any other man. Why he asked me the question I do not know. I do not think I am called upon to answer questions outside my jurisdiction.

Mr. M. J. COLDWELL (Rosetown-Biggar): What the hon. member for Winnipeg North Centre (Mr. Knowles) was asking was, will the minister confirm the policy that has been laid down by the government from time to time and by the minister himself?

Mr. HOWE: The minister will do what any other minister would do, refer my hon. friend to the responsible minister in that regard.

Mr. KNOWLES: Most unsatisfactory—as usual.

Motion agreed to, and the house went into committee of supply, Mr. Golding in the chair.

SUPPLY

DEPARTMENT OF FISHERIES

95. Departmental administration, $277,000.

Item stands.

POST OFFICE DEPARTMENT

309. Departmental administration, $1,096,287.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. BRACKEN: Would the minister state the business for tomorrow?

Mr. CLAXTON: Tomorrow we shall proceed with the second reading of Bill No. 220, to amend the Loan Companies Act; committee of the whole on Bill No. 126, to amend the Pension Act; second reading of Bill No. 208, to amend the North Fraser Harbour Commissioners Act; second reading of Bill No. 248, to provide for carrying into effect the treaties of peace between Canada and Italy, Roumania, Hungary and Finland. Then we shall move to go into committee of supply

and call one new department, and then proceed with the estimates of the Department of Agriculture. If we complete those we shall take up Transport.

Mr. COLDWELL: Did the minister say, call one new department?

Mr. CLAXTON: Yes.

Mr. COLDWELL: That is putting the departments in pretty fast. It may interfere with hon. members having an opportunity to raise grievances.

Mr. CLAXTON: There are still ten or twelve more departments to be put in.

Mr. COLDWELL: Two have been put in tonight and one is to be put in tomorrow—

Mr. BRACKEN: And four were put in the other night.

Mr. BERTRAND (Laurier): There are about twelve more departments still to go in.

Mr. SMITH (Calgary West): What department will be called tomorrow?

Mr. CLAXTON: I do not expect that we shall reach that.

Mr. KNOWLES: You have done pretty well today.

Mr. CLAXTON: We may reach it, in which case I am sure hon. members would wish to facilitate the business of the house.

Mr. COLDWELL: We do not wish to see private members deprived of their opportunities.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, May 11, 1948

The house met at three o'clock.

PRIVILEGE

HOCKEY—WINNING OF MEMORIAL CUP BY PORT ARTHUR BRUINS

Mr. DANIEL McIVOR (Fort William): I am rising to a question of privilege, Mr. Speaker. I should like to pay tribute to the city from which the Minister of Trade and Commerce (Mr. Howe) comes. It has produced perhaps the best team the world has known. They have gone through their league in splendid form. It may be that some day when I become a cabinet minister I will allow a private member to pay tribute to my city. The Port Arthur Bruins have gone through the finals of this league in four straight games. The outstanding feature of this team is that they are home brews and Simon-pures. That is something which cannot be said of any other team in Canada. Of course an outsider could not have any chance of getting a place.

On Saturday night I saw this team play, and I thought they were called by the wrong name. They should be called antelope or deer instead of bruins.

Why do we men support hockey?

Some hon. MEMBERS: Order.

Mr. McIVOR: I would ask you, Mr. Speaker, to pardon me for a moment. Why do we support hockey, baseball or rugger? It is because when a boy gets a place on the team, it is his first experience of democracy. If more clergy, members of parliament and social workers knew what the boys and girls go through when they lose a game, and realized that they then have a better chance of speaking to them than they have from the pulpit or the public platform, the better it would be.

In the Port Arthur *News-Chronicle* of May 8 appeared an article under the heading, "Boys played hockey, no time for crime, McKitrick states".

Some hon. MEMBERS: Order.

Mr. McIVOR: The article reads in part as follows:

Judge McKitrick said that while the West End Bruin juniors were away winning the Canadian championship and the Memorial cup in a sportsmanlike but also decisive manner, a record was being marked up by young boys at home; it had not been found necessary to send one single boy from here to a training school last year.

Some hon. MEMBERS: Sit down.

Mr. SPEAKER: Order.

Mr. McIVOR: If you will not pardon me, Mr. Speaker, why did you pardon the hon. member who spoke yesterday?

Mr. SPEAKER: I think the hon. member has already stated his question of privilege.

Mr. McIVOR: I thank you, sir, for giving me as much time as you have.

STANDING COMMITTEE

RAILWAYS, CANALS AND TELEGRAPH LINES—CHANGE IN PERSONNEL

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

That the name of Mr. Marier be substituted for that of Mr. Lesage on the standing committee on railways, canals and telegraph lines.

Motion agreed to.

BUSINESS OF THE HOUSE

MOTION TO RESTORE TO ORDER PAPER A BILL CONSIDERED IN COMMITTEE AND NOT REPORTED

Mr. EDOUARD RINFRET (Outremont): I wish to bring to the attention of the house the proceedings of the committee of the whole on Friday last, May 7, which have not been reported to the house. At that time the committee was considering Bill No. 151. Section 1 of the bill was called by the chairman, and at page 3735 of *Hansard* I find:

Some hon. Members: Carried.
Some hon. Members: On division.

After that a vote was taken and the section was negatived. Then I asked that section 2 of the bill should stand. There was no decision.

Mr. SPEAKER: Order. Since the house is supposed to ignore anything that happened in committee, I would suggest that the hon. member put his motion before making any explanation. I suggest that he move the motion first and give the explanation later.

Mr. RINFRET: Then I move:

That bill No. 151, an act to incorporate the National Insurance Company, be restored on the order paper among private bills under the heading "House in committee," to be considered from eight to nine o'clock p.m. on Tuesdays and Fridays during the present session.

Mr. KNOWLES: I rise to a point of order. I have no objection to the motion being moved, and no objection to the house agreeing to the motion if it wishes to do so; but it does seem to me that it requires forty-eight hours' notice. Standing order 45 provides:

Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the order paper, but this rule shall not apply to bills after their introduction, or to private bills, or to the times of meeting or adjournment of the house. Such notice shall be laid on the table before six o'clock, p.m., and be printed in the *Votes and Proceedings* of that day.

The only phrase in that order which might be claimed by the hon. member as an exemption is the reference to notice not being required for private bills. The reason notice is not required for the introduction of private bills is obvious; private bills are presented to parliament by petition, but that is all that exemption covers. I go further and quote citation 357 of Beauchesne, second edition:

As a general rule every motion proposed in the house requires notice unless it is of a formal or uncontentious character, or raises a question of privilege.

Further I quote citation 321 from Beauchesne, third edition:

In the absence of standing orders to the contrary, the following motions may be made without notice:

I will not take the time of the house to read the kinds of motions that may be made without notice, listed under citation 321, but they do not include a motion such as this for placing something back on the order paper. As I have said already, I have no objection to the motion being made; in fact I think the house might grant the hon. member this concession. But my point of order is that if the hon. member is seeking by this means to reinstate something on which the house has already ruled, even if in committee of the whole, that makes it a contentious matter. If on the other hand he is prepared to assure the house that he is not seeking to reinstate the name of the company which was rejected by the committee, then it would be uncontentious and I should be willing to waive the requirement of notice.

[Mr. Speaker.]

Mr. SPEAKER: I would call the attention of hon. members to standing order 45 as it appears in Beauchesne, second edition:

Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the order paper...

I draw the attention of the hon. member to the following words:

. . . but this rule shall not apply to bills after their introduction, or to private bills . . .

The bill to which the hon. member for Outremont (Mr. Rinfret) is referring is a private bill; therefore according to standing order 45 it is not necessary that notice be given.

Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Mr. JACKMAN: Knowing nothing whatever about the rules of the house, Mr. Speaker, I must appeal to you in these matters. If this bill is to be restored to the order paper I should like to know whether the question of the name of the company, "National Insurance Company", again will be subject to the decision of the committee of the whole. May I ask your ruling on that?

Mr. SPEAKER: I would say to the hon. member that I have no ruling to give on what is going to happen in committee.

Mr. JACKMAN: But this has to do with what has happened in committee.

Mr. SPEAKER: I understand that the motion of the hon. member for Outremont is to reinstate this bill under the heading "House in committee," and of course the Speaker ignores what is going to happen in committee. The hon. member knows quite well that if the bill is inscribed on the order paper to be considered in committee, then it would be the privilege of hon. members to discuss the bill in committee of the whole.

Mr. JACKMAN: As I understand the matter, there was a private bill before the committee of the whole house on Friday evening, and when the first section was voted upon it was voted down. Then an attempt was made to go on with the second section; but inasmuch as that section—

Mr. SPEAKER: Order.

Mr. JACKMAN: I am speaking to a point of order.

Mr. SPEAKER: Hon. members will realize that there is a motion before the Chair. The Speaker and the house are supposed to ignore

what has happened in committee until it is reported to the house. In this case it has not been reported to the house, so I could not permit any debate on what may have happened in committee. It is up to the house to accept or reject the motion which has been moved.

Mr. JACKMAN: I am not debating any matter that arose in committee of the whole last Friday evening. It did seem to me, however, in view of what took place there, that the whole bill died a natural death, perhaps for want of anyone knowing exactly how it could be kept alive. My contention is that at the moment there is no such bill as that which the hon. member wishes reinstated on the order paper, and that if he wants to have this matter introduced into the house again he must start from the beginning.

Mr. SPEAKER: I took the liberty of interrupting the hon. member for Outremont, who was discussing what had happened in the committee, because that is supposed to be ignored by the house. I thought he ought to move his motion, since the order for motions had been called, and I asked the hon. gentleman to do so. Now that his motion is before the house it is his privilege to explain it.

Mr. RINFRET: As I was saying, Mr. Speaker, in committee I asked that section 2 stand. There was no decision on that point.

Mr. COLDWELL: Before the hon. gentleman proceeds, Mr. Speaker, I hope you will not consider that he is closing the debate. As I understand it, you are now giving him the privilege of explaining the motion.

Mr. RINFRET: On my suggestion that section 2 should stand, no decision was reached by the committee. After that I made a second suggestion. I asked that the whole bill should stand, and on this motion there was no decision taken. I then asked that the committee should report progress; and at that very moment I saw that the chairman—

Some hon. MEMBERS: Order.

Mr. HARRIS (Danforth): May I point out, Mr. Speaker, that you have just ruled that any discussion of what happened in committee of the whole is out of order.

Some hon. MEMBERS: Order.

Mr. HARRIS (Danforth): The hon. member is debating what happened in committee. Therefore—

Some hon. MEMBERS: Order.

Mr. GRAYDON: Don't disclose your identity over there.

Mr. SPEAKER: May I suggest to the hon. member for Outremont that even though he is the mover of the motion, he has not the right to discuss before the house what happened in committee of the whole. I shall ask him to explain his motion and confine his remarks to it.

Mr. RINFRET: Mr. Speaker, the bill was not reported to the house. At nine o'clock, at the expiry of the time for private bills, the Chairman reported to the house—

Some hon. MEMBERS: Order.

Mr. RINFRET: —such bills as had been disposed of by the committee. He did not report Bill No. 151; but he did report the bill under discussion at the expiry of the hour. So this bill, No. 151, was not reported upon. Now—

Mr. HARRIS (Danforth): On a question of privilege—

Mr. ABBOTT: That is in order.

Mr. HARRIS (Danforth): The bill is dead. Let it die, and start over again.

Mr. RINFRET: In notation 695 of Beauchesne, I find this:

> The proceedings of a committee on a bill may be brought abruptly to a close by an order: "That the Chairman do now leave the chair" or by a proof that a quorum is not present. The chairman, in such cases, being without instruction from the committee, makes no report to the house.

This is a case similar to mine. I continue with the notation:

> A bill disposed of in this manner disappears from the order paper, though it can be revived by an order of the house.

Now, as to the procedure to be followed to have it revived, I cite notation 663 in Beauchesne:

> When the motion that the bill be now read a second time is negatived the bill disappears from the order paper, but it is competent for a member immediately to move without notice: "That the said bill be read a second time on . . . next".

That is, that the bill be read a second time on such and such a date.

Mr. KNOWLES: That is on second reading—immediately.

Mr. RINFRET: To continue:

> On this motion being agreed to, the bill takes its place on the orders.

It continues—and this is where I meet the objection of the hon. member for Winnipeg North Centre (Mr. Knowles):

The same practice obtains with respect to the bill, at any previous or succeeding stage.

Therefore I have exactly the same case as that cited in notation 695. I have followed the procedure mentioned in notation 663. I think the motion is completely in order, even if there is no notice as per notation 663.

An hon. MEMBER: You are wrong again.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Mr. SPEAKER: Those in favour of the motion will please say "yea".

Some hon. MEMBERS: Yea.

Mr. SPEAKER: Those against will say "nay".

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the yeas have it.

And some members having risen:

Mr. SPEAKER: The motion is carried.

Mr. COLDWELL: No.

An hon. MEMBER: Too late.

Mr. COLDWELL: No.

Mr. SPEAKER: I declared the motion carried. I did not see a sufficient number of members standing.

Mr. COLDWELL: On the point of order, Mr. Speaker, I did not rise to call for a vote, but I looked around and more than five members were standing.

Mr. SPEAKER: I will put the question again. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Mr. SPEAKER: Those in favour of the motion will please say "yea."

Some hon. MEMBERS: Yea.

Mr. SPEAKER: Those against will say "nay."

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the yeas have it.

[Mr. Rinfret.]

The house divided on the motion (Mr. Rinfret) which was agreed to on the following division:

YEAS

Messrs:

Abbott	Ilsley
Baker	Isnor
Beaudry	Jean
Belzile	Jutras
Benidickson	LaCroix
Bertrand (Laurier)	Lafontaine
Bertrand (Prescott)	Langlois
Black (Chateauguay-Huntingdon)	Lapointe
Black (Cumberland)	Laurendeau
Black (Yukon)	Leger
Blackmore	Lesage
Blanchette	Little
Boivin	Low
Bourget	McCann
Bradette	McCulloch (Pictou)
Breithaupt	Macdonald (Brantford City)
Brooks	Macdonnell (Muskoka-Ontario)
Chevrier	McGarry
Claxton	McIlraith
Cloutier	McIvor
Coté (Verdun)	MacLean
Cournoyer	Marier
Croll	Marquis
Dechene	Marshall
Denis	Matthews (Brandon)
Dickey	Maybank
Diefenbaker	Mayhew
Dion (Lake St. John-Roberval)	Michaud
Douglas	Mullins
Dubois	Murphy
Emmerson	Mutch
Eudes	Nixon
Farquhar	Parent
Ferguson	Pinard
Fournier (Hull)	Pouliot
Fournier (Maisonneuve-Rosemont)	Power
Gagnon	Quelch
Gardiner	Raymond (Beauharnois-Laprairie)
Gauthier (Portneuf)	Raymond (Wright)
Gibson (Comox-Alberni)	Richard (Gloucester)
Gingues	Rinfret
Gladstone	Ross (Hamilton East)
Golding	St. Laurent
Gour (Russell)	Sinclair
Gourd (Chapleau)	Stuart (Charlotte)
Grant	Thatcher
Gregg	Tremblay
Hackett	Viau
Hallé	Warren
Hansell	Weir
Harris (Grey-Bruce)	Whitman
Hartt	Winkler
Hlynka	Winters—106.

NAYS

Messrs:

Adamson	Burton
Archibald	Campbell
Argue	Cardiff
Bentley	Castleden
Blair	Charlton
Bowerman	Church
Bradshaw	Coldwell

Daniel	Merritt
Fraser	Miller
Harkness	Moore
Harris (Danforth)	Nicholson
Hazen	Robinson (Bruce)
Herridge	Ross (St. Paul's)
Jackman	Ross (Souris)
Johnston	Shaw
Kidd	Sinnott
Knight	Stephenson
Knowles	Stewart (Winnipeg North)
Lennard	Stokes
Lockhart	Timmins
McCuaig	Townley-Smith
McGregor	Tustin
MacInnis	Webb
McKay	White (Hastings-Peterborough)
McLure	Wylie—53.
MacNicol	
Manross	
Menary	

Mr. SMITH (Calgary West): I was paired with the hon. member for Vaudreuil-Soulanges (Mr. Beaudoin). Had I voted I would have voted against your ruling.

Mr. SPEAKER: I would inform the hon. member for Calgary West that the question before the house was not an appeal from the Speaker's ruling.

Mr. SMITH (Calgary West): With me it is a matter of habit, sir.

Mr. GILLIS: I was paired with the Minister of National Health and Welfare (Mr. Martin). Had I voted I would have voted against the motion.

Mr. HODGSON: I was paired with the hon. member for York North (Mr. Smith). Had I voted I would have voted against the motion.

Mr. HATFIELD: I was paired with the hon. member for Three Rivers (Mr. Gariepy). Had I voted I would have voted against the motion.

Mr. COCKERAM: I was paired with the Minister of Labour (Mr. Mitchell). Had I voted I would have voted against the motion.

EXTERNAL AFFAIRS

PRESS AND RADIO REPORTS AS TO CONVERSATIONS BETWEEN UNITED STATES AND SOVIET UNION

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I wish to ask a question of the Secretary of State for External Affairs. It arises out of a report in the press and over the radio that conversations between the United States and the Soviet union may begin for a general settlement of outstanding differences. As this is a development of the highest importance in which Canada is directly and vitally affected, will the Secretary of State for External Affairs say (1) whether Canada has been consulted or informed of the suggested United States action; and (2) whether he is in a position to throw any further light on the proposal than the press and the radio have given?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, the short answer to the first question is no. As to the second question, I am not in a position to say what has appeared in the press or over the radio in this country. I have had no communication from any official source, but I have had the benefit of seeing dispatches from press correspondents, and the tone of those dispatches I think explains why it is that so far no official communication has come to us. Thus, the United States ambassador, Walter Bedell Smith, said, according to the dispatches, that the Russian publication of his talks with the Soviet foreign minister Molotov was a surprise to him because the talks were confidential. He is quoted as having said:

> Release of the notes by Moscow rather surprises me, as this is the first time they have done such a thing with a confidential exchange.

My understanding is that the Moscow radio has given out what is supposed to be almost the complete text of the conversations or notes between the United States ambassador and the U.S.S.R. foreign minister, and the dispatches of the press correspondents which I have seen report a very interesting situation. I would not care to go beyond what is reported to have been said by someone speaking on behalf of the foreign office in London. The quotation is as follows:

> We were not consulted. The announcement was a complete surprise to us, but whether it is a pleasant surprise we cannot say until we have seen the full official text of the American and Soviet notes.

It is apparent from these dispatches there has been a slight misunderstanding over what was to be published about these conversations at this time. They are reported to have taken place just about a week ago. The subject matter is of great interest, and I hope that we shall in due course receive official information. As soon as I get any official information which may be of interest to hon. members I shall hasten to bring it before the house.

ATTENDANCE OF UNITED STATES CONSUL, TORONTO, BEFORE ONTARIO MUNICIPAL BOARD

On the orders of the day:

Mr. JOHN T. HACKETT (Stanstead): I should like to direct a question to the Secretary of State for External Affairs. Before asking the question I wished to read in *Hansard* the answer

that he gave yesterday to my query concerning the instructions of the Secretary of State of the United States to the consul general at Toronto who appeared before a court in that city and declined either to be sworn or to be cross-examined. I join with the minister in saying that I do not wish to make an incident out of this event, but I think it well that there should be a clear understanding that the practice indulged in by the Secretary of State is a departure from diplomatic practice. I ask the minister if he considers there has been a departure from the diplomatic observances heretofore followed by the United States and Canada.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, I could not say that I would regard it as a departure from diplomatic practice. It is something which is done from time to time, and which, I understand, in this case came out of the fact that public notice had been given calling for representations, and that upon that notice being published the consul communicated with the Department of State and was authorized to appear and make a statement, if the court chose to receive it. It is not unique. Under the circumstances I deplore that the appearance had been made, because it was a matter that had already been under discussion for years between the state department and the Department of External Affairs. It having been a matter under discussion between the two departments, though there was an application to a provincial administrative body by a United States citizen for a licence, it seemed to me that it would have been preferable if the applicants had been left to rely on the general knowledge that it was a matter in which the government of the United States had for a long time expressed interest. It did not seem to us that it was necessary to have it brought before the board in that form at that time, and that bringing it before the board in that form at that time might further embitter a matter which was known to be controversial.

PRIVILEGE

REFERENCE TO REPORT IN OTTAWA "JOURNAL" OF ADDRESS OF DR. OLLIVIER

On the orders of the day:

Mr. A. L. SMITH (Calgary West): Mr. Speaker, I rise to a question of privilege. In the Ottawa *Journal* of the day before yesterday a speech was reported by Doctor Maurice Ollivier, K.C., who according to the dispatch is an employee of this House of Commons. He stated humorously, so the dispatch says, that the M.P.'s should be told that their speeches should be made while standing on one leg, and that the minute they put the other foot to the ground their speech would be automatically at an end.

I am one of those who perhaps have no sense of humour. In any event I have a little difficulty in understanding even humorous criticism of that kind of this House of Commons by one of its servants. Perhaps we might reply that many civil servants whom I know would get through infinitely more work if they did it all standing on their heads.

IMMIGRATION

GERMAN NATIONALS—INQUIRY AS TO PERMISSION TO ENTER CANADA

On the orders of the day:

Mr. W. ROSS THATCHER (Moose Jaw): Mr. Speaker, I would like to direct a question to the Acting Minister of Mines and Resources. Has the government given any recent consideration to relaxing the immigration laws in order to let into this country German nationals who have relatives in Canada? I have been asked by a number of my constituents to ask that question.

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): German nationals are not allowed to enter Canada.

Mr. THATCHER: I know that is the policy, but is any consideration being given to changing that policy in the future, as has been done in England?

Mr. MacKINNON: I do not know just what the hon. member might mean by consideration. Such matters are discussed by the minister and the department at various times, but no consideration is being given to this matter that might lead to an early decision on policy.

Mr. THATCHER: Would the minister take it up with a view to having the cabinet give consideration to the matter?

Mr. FERGUSON: Has the government ruled that German nationals are not permitted to come to this country because of the fact that Canada is still in a state of war with Germany?

Mr. MacKINNON: That is correct.

Mr. FERGUSON: May I ask a supplementary question? Is it the object of the government to decline to sign a peace treaty with Germany to permit these German nationals who live in Germany to join their families in this country who are good Canadian citizens and have proved themselves to be so?

Mr. MacKINNON: I can only reply by saying that the matter which the hon. member has raised in a supplementary question is a matter of government policy and will be announced in due course.

BOOK OF REMEMBRANCE

SECOND WORLD WAR—INQUIRY AS TO PROGRESS

On the orders of the day:

Mr. F. E. LENNARD (Wentworth): Mr. Speaker, may I ask the Minister of National Defence what progress has been made up to this time with the Book of Remembrance of the second world war?

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, work has been commenced on the Book of Remembrance. It is expected that it will take four or five years to complete. It is desirable for the sake of uniformity of style, to have as much of the work as possible done by one person. Commander Beddoe, who compiled much of the first Book of Remembrance, has undertaken the work of compiling the second. Others will be engaged under his direction.

INQUIRY FOR RETURN

FEDERAL GOVERNMENT—EMPLOYEES

On the orders of the day:

Mr. C. E. STEPHENSON (Durham): Mr. Speaker, on April 26 a question of mine on the order paper was passed as an order for a return. I wonder when I might expect the return to be brought down?

NATIONAL DEFENCE

REPORTS AS TO ISSUE OF USED UNIFORMS TO CANADIAN ARMY

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): Mr. Speaker, may I ask the Minister of National Defence whether last year any uniforms formerly used by the air force were turned over to the army? If so, have any uniforms been called in up to the present time, which were formerly used by the air force, now used by the army? Will the air force be issued with uniforms prior to a new issue of summer uniforms for the army?

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, I shall have to look into this and give the hon. member an answer later. So far as I can follow the question, I think the answer is probably no, but I will look into it.

Mr. CRUICKSHANK: I have sent up to my office for a supplementary question. The first question—and this is important, because we are asking for recruits for the army—

Mr. SPEAKER: Order. I have no doubt the question is important but I would ask the hon. member to put it on the order paper.

Mr. CRUICKSHANK: Mr. Speaker, is it not important that we have recruits for the army?

Mr. SPEAKER: I suggest to the hon. member that he put his question on the order paper.

Mr. CRUICKSHANK: May I ask the Minister of National Defence these questions? Is it true that used R.C.A.F. summer uniforms were issued to the army in 1947? Have these used uniforms been reissued? When will new summer uniforms be issued to the army?

Mr. SPEAKER: Order. I must remind the hon. member that the rules of the house are binding on both sides of the house. I have already ruled on the hon. member's questions and suggested that he should put them on the order paper.

Mr. CRUICKSHANK: We still want recruits.

PRAIRIE FARM REHABILITATION

AMENDMENT TO PROVIDE FOR APPOINTMENT OF DIRECTOR AND ASSOCIATE DIRECTOR

Right Hon. J. G. GARDINER (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Prairie Farm Rehabilitation Act to empower the Minister of Agriculture to appoint a director of rehabilitation and an associate director of rehabilitation.

Mr. COLDWELL: Before we proceed may I say that last evening the business of the house was announced—

Mr. GARDINER: I was about to rise to ask for the unanimous consent of the house for a particular reason.

Mr. COLDWELL: May I point out that this is a very important matter to those of us who come from western Canada, and we cannot agree to have this matter taken up this afternoon because our members have not had an opportunity of going into the matter in preparation for such a debate.

Mr. GARDINER: I think the hon. member will agree when I explain; if not, well and good.

Mr. SPEAKER: I shall put the question to the house. Mr. Gardiner moves, seconded by Mr. Jean, that I do now leave the chair for the house to resolve itself into committee of the whole to consider an amendment to the Prairie Farm Rehabilitation Act. Is it the pleasure of the house to adopt the motion?

Mr. GARDINER: Mr. Speaker, I realize that I must have the unanimous consent of the house in order to do what I am going to ask the house to permit me to do. This bill is merely for the purpose of appointing Mr. L. B. Thomson as director of the Prairie Farm Rehabilitation Act with headquarters at Regina. Mr. Thomson has been with the department for many years. He is superintendent of the experimental farm at Swift Current. During the last three or four months he has been visiting his old home in New Zealand, and therefore we were unable to make arrangements with him to take over the position until he returned, which explains any delay in bringing the matter before the house. Mr. Thomson is a civil servant and has all the rights under the Civil Service Act with regard to superannuation and everything involved therein. The act gives the minister authority to appoint a director and an assistant director of rehabilitation, but it does not give authority to appoint one who has the privileges of superannuation. In order to make it possible for Mr. L. B. Thomson to take this position and still retain his rights under the Superannuation Act it is necessary to pass this amendment. That is all the amendment is for.

The assistant will be at Ottawa instead of Regina. My only reason for asking that it be speeded up is that we want to get along with the work. I understand that the senate is to adjourn shortly for a week or two, and I want to get this through before the senate adjourns. Therefore I should like to have it advanced to the stage where we can bring the bill before the house and then go on with discussion of it.

Motion agreed to and the house went into committee, Mr. Golding in the chair.

The DEPUTY CHAIRMAN: Shall the resolution carry?

Mr. DIEFENBAKER: Is the minister in a position to advise what particular work is to be undertaken? He says that haste is necessary because the senate is about to adjourn; therefore he wants to expedite the matter. The whole question of the Prairie Farm Rehabilitation Act is one on which a statement should be forthcoming from the minister at this time. If I understand it aright, one of the matters particularly to be covered by this resolution is the development on the South Saskatchewan river, in connection with which certain expenditures in the last year have amounted to well over $100,000. This is a matter, sir, of great importance to the people living in central and southern Saskatchewan. It is a matter of particular importance to the constituency I have the honour to represent, in that over the years one of the great difficulties has been the maintenance and the preservation of the levels of Last Mountain lake, the largest body of water in central Saskatchewan. In addition to its value as a summer resort it has value for fishing purposes and also as a bird sanctuary. Can the minister advise us of the extent to which, during the present summer, work will be done in connection with this matter? In particular, what will be done toward raising the levels of Last Mountain lake? I realize that flood conditions prevailed this spring; but those conditions, of course, are only temporary and seasonal and do not in any way solve the major difficulty of maintaining the levels of this lake.

I know of no subject which is of more importance to the people of Saskatchewan than the extension and development work being done under the Prairie Farm Rehabilitation Act. I must say that while I had not heard before of the projected appointment, I know of no better one that can be made by the department than that of Mr. Thomson, the superintendent of the Swift Current experimental farm. Over the years he has devoted himself to ascertaining moisture conditions throughout the province and allotting the various areas according to their productivity. He is a man with a great deal of information on the subject, and should discharge his responsibilities with honour to himself and credit to the administration.

Mr. GARDINER: I had hoped that it would not be necessary to discuss the matter at this stage. There will be two opportunities for discussing fully what has been suggested. One will be on second reading of this bill on a later day. The other would be on my own estimates, where the appropriations for the particular works that have been spoken of would be discussed. Of course if the committee insist on discussing the matter now, I can discuss it, but I think it would be better to advance the matter to the stage where we can get the bill before the house, and on second reading or in committee of the whole there can be any discussion that may be desired. If hon. members are not then able to get all the information they desire, the

matter can be discussed on my estimates for prairie farm rehabilitation. I think it would be more suitable to have the discussion at that time, but of course I am in the hands of the committee.

The DEPUTY CHAIRMAN: I do not think it would be in order to discuss under this resolution the work that is to be done. The resolution simply has to do with giving the minister authority to make these appointments. We might wander far from the question before the committee if hon. members do not confine discussion to matters dealt with by the resolution.

Mr. BENTLEY: I suppose you are correct, Mr. Chairman. It is a little bit difficult to know how to keep within the scope of your ideas on the matter, and at the same time to say what needs to be said at this time. The actual appointment of course does not come as a surprise to those of us who live in or near Swift Current. For some weeks now we have heard that it was likely to be made, and I cannot think of anybody who was not glad. Among the civil servants that I know personally, it would be impossible to choose for that kind of work a more able and energetic man than Len Thomson. I imagine that Saskatchewan generally will be well pleased with the results of his work. If there is anyone who can get done in two years what some people envisage might take ten or twelve, it will be Mr. Thomson. I hope the minister will bear that in mind and not put any curb on him when he proceeds to work.

The matters mentioned by the hon. member for Lake Centre are important ones. If he or someone else had not done so, I had intended to ask the minister for a statement at this time. If the minister will give that statement, I am content to wait until the bill following upon this resolution comes before the house, and then to have further information, if necessary, given when the estimates are being considered. But it is extremely important that the minister make a statement at the earliest possible moment. As the hon. member for Lake Centre has said, the projects envisaged for some time by the prairie farm rehabilitation administration are matters of urgency with us out there. At the present time the failure of the P.F.R.A. engineers to get in their report on time is holding up an important development, a bridge across the South Saskatchewan river at Saskatchewan Landing. Permission has not yet been granted by the Department of Public Works because the engineers reports have not been brought in. When the matter is opened up by a resolution of this kind, it is obvious that those of us who are interested in it must insist on an early statement—and I hope it will be a statement with something in it—from the Minister of Agriculture.

As I said at the start, if these projects are to go ahead, and if this new appointee is to be given free rein and free scope for his energies and abilities, he will get done in a short time what others have said it would take a much longer time to do. We want to know if he is to have free scope, if he is to be turned loose to get these things done, and if we are to get our bridge over the river without any interference from this dam that is projected, and other developments. We want that information from the minister, either now or shortly. I am willing to wait until the bill is before the house, provided that the minister undertakes to give a statement then. If not, we may have to insist on it right now.

Mr. ROSS (Souris): I should like to endorse all that has been said by the hon. members for Lake Centre and Swift Current. It was my privilege before coming to Ottawa in 1940 to serve as a member of the advisory committee to this board. For some years I had considerable experience with the proposed new appointee, Mr. L. B. Thomson. He was then superintendent at Swift Current, and he was one of the most efficient men I knew. He accomplished a great deal of work for that board. I am sure that the opinion expressed by the hon. member for Swift Current is well founded, that the proposed appointee, Mr. Thomson, is a man of great energy and drive. If the work does not move along rapidly, I feel sure it will not be his fault, unless he has slipped considerably in the last little while.

Other members did not press the question, but I think we should have a full statement from the Minister of Agriculture, and it may be just as well if he gives it when we have the bill before us; but certainly I think we should have it then. Under the present set-up, the act covers a large portion of the three prairie provinces, Saskatchewan, Alberta and Manitoba. For some years past now, many of us have asked that the field be broadened considerably—in fact, that it be made national. We have had members from the maritimes talking about this matter, as well as members from other parts of Canada. There is much that can and should be done to assist the betterment of agriculture throughout Canada in a national way.

I want to congratulate the minister on having gone so far as to propose the appointment of Mr. L. B. Thomson. When the bill is before us I hope the minister will tell us who Mr.

Thomson's assistant will be in Ottawa. I hope he will make a full statement at that time.

Mr. GARDINER: I hope to bring the bill down for second reading either tomorrow or the next day. I cannot be sure about tomorrow until I consult some of the others, but in any case it will be either Wednesday or Thursday of this week. Then we can have whatever discussion is necessary, which I think will cover the points raised.

Mr. BENTLEY: We have the assurance of the minister that the bill will be proceeded with before he leaves for other parts?

Mr. GARDINER: That is why I want it brought in today.

Resolution reported, read the second time and concurred in. Mr. Gardiner thereupon moved for leave to introduce Bill No. 282, to amend the Prairie Farm Rehabilitation Act.

Motion agreed to and bill read the first time.

LOAN COMPANIES ACT

AMENDMENTS WITH RESPECT TO DEFINITIONS, NUMBER OF DIRECTORS, ETC.

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance) moved the second reading of Bill No. 220, to amend the Loan Companies Act.

Mr. MACDONNELL (Muskoka-Ontario): I should like to make one or two comments, but is it the intention of the parliamentary assistant to make a statement first?

Mr. MAYHEW: I thought I would make a brief explanation of the bill, and then, after it is given second reading, ask that it go to the banking and commerce committee, where it can be further studied.

This bill amends the Loan Companies Act, 1927, mainly in respect to the powers of investment and the power to borrow money. However, there are a number of minor amendments. The principal act was first passed in 1914, and applied only in part to loan companies theretofore incorporated. It applied in whole to companies incorporated after 1914. Section 2 of this bill makes the act apply in its entirety to all loan companies regardless of the date of incorporation.

I might say the powers which will go similarly to all companies include the power to elect an executive committee of the board of directors; to establish branch offices; to reduce the par value of the company's stock from $100 to $10 or multiples of $10; to invest in common stock of no par value, of course with limitations; to increase their powers to accept

deposits and to borrow money. Generally those are the powers that will be given these companies when the act is amended. I could give a lengthier explanation, but in view of the fact that as soon as second reading is given I intend to ask that the bill go to the banking and commerce committee, perhaps that will be sufficient.

Mr. J. M. MACDONNELL (Muskoka-Ontario): In view of the intention of the government to send this bill to the banking and commerce committee I shall add only a word or two. It seems to me that in general this bill is designed to give a little more flexibility, and for that reason I approve of it, in general terms. In these days of increasing restrictions it is pleasant to find something which, as I say, appears to give a little more flexibility.

My own feeling is that we can far better rely upon the judgment and capacity of responsible people given a certain amount of freedom than if we try to check them at every turn. In those happy, far-off days when even in Great Britain—perhaps I should say especially in Great Britain—there was a large measure of freedom, I remember a story of what happened to a business associate of mine. Many years ago he went to establish in England a branch of the company he served here in Canada. There he took legal advice, asking what rules he had to comply with and what were the restrictions. He was told there were practically none; then this significant addition was made. His legal adviser said, "You have very few restrictions of any kind. But we have laws in this country, and if you disobey any of those laws you will be put in jail." That is a salutary sanction to have behind those who are conducting the affairs of the country, and it seems to me that is a good rule. I feel sorry they have had to depart from it in Britain to the extent that seems necessary at the present time.

In any case, Mr. Speaker, since it seems to me this measure in general moves in the direction of a certain flexibility and perhaps a little more freedom, I shall reserve any further comments until we get to the banking and commerce committee, where questions may be asked.

Mr. F. E. JAENICKE (Kindersley): Like the hon. member for Muskoka-Ontario (Mr. Macdonnell) I have only a few remarks to make on this bill. In the first place I am glad the parliamentary assistant has stated that the bill will go to the banking and commerce committee, where the amendments can be gone into fully and explained by some of our officials.

There are several features of this amending bill which I do not like and which require some explanation. However, I do not desire to oppose second reading, and shall not do so. One matter was referred to by the hon. gentleman who moved second reading; that was the establishment of an executive committee of the directors. That is rather a departure in company law which I think should be studied. Although the powers of the executive are restricted, it will have some powers which might make the directors liable in case of infraction of the bylaws; therefore I believe this feature of the bill requires careful investigation.

Another amendment I do not like is in regard to inspection of the books of the company. Under this change an execution creditor of a shareholder is to be entitled to look into the books. The rules of our courts ought to be sufficiently wide if we need discovery of assets in aid of execution, and I should think we do not need to amend this act in order to make it so much easier for an execution creditor. I know of no other statutory provision of the kind.

Mr. MAYHEW: I am sure the hon. member would like to be correct. This amendment does not give power to examine the books, but only to examine the stock register.

Mr. JAENICKE: That is what I am objecting to—an examination of the share register of the company so far as an execution creditor of a shareholder is concerned. As the law now stands, a creditor of the company is entitled to view these records, but the amendment provides that an execution creditor of a shareholder, not of the company, shall be entitled to look into them.

There is also the question of the investment of the company's funds in common stock without par value. I must be frank and admit that this is a matter in which I have had no business experience, but it seems to me that we have at least two loan companies with a great many shareholders, people with small sums of money who have invested it in them. Possibly they are in the same position as a trust company or insurance company, which I understand today is entitled to invest money in stocks without par value. In any case I am open to conviction when this matter comes before the committee.

Another peculiar amendment is found in one of the last sections, which provides that if a company has made an investment since December 31, 1947, that is contrary to the provisions of the old act and of this one as amended, it is a good investment. It seems to me this is going to whitewash some of the breaches of provisions of the old act which companies have made. While I do not object to this new legislation for the protection of shareholders, I believe we should look into the matter more closely.

About eighteen months ago I had considerable business with the superintendent of insurance in respect of one loan company. I found that there are really only two loan companies in Canada having a large number of shareholders. One of these, an old and reliable establishment concerning which I have no fears so far as the larger powers granted under this measure are concerned, is in Ontario. There is, however, another and smaller company in Winnipeg, and I fear that we should not entrust these larger powers to such a company. This however is a matter which may be considered in committee.

The general effect of the bill is that it loosens the reins. The hon. member for Muskoka-Ontario welcomes that situation. I am sceptical about it, especially with respect to the one loan company about which I spoke a moment ago. However we can give this matter careful consideration, and I am pleased to note that the parliamentary assistant has given his word that the matter will be referred to the committee on banking and commerce.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

PENSION ACT

RATES OF PENSION FOR DISABILITY AND DEATH—SALARIES OF PENSION COMMISSIONERS

Hon. MILTON F. GREGG (Minister of Veterans Affairs) moved that the house go into committee on Bill No. 126, to amend the Pension Act.

Motion agreed to and the house went into committee, Mr. Golding in the chair.

On section 1—Applicant.

Mr. GREGG: Mr. Chairman, as hon. members are aware, Bill No. 126 has been before the committee on veterans affairs since early in the year. From time to time since early in March the committee has submitted to the house certain recommendations, as its deliberations have taken place. I thought I might make some reference to those recommendations.

On March 3 a formal report was made to the house dealing only with matters respecting a quorum and the suspension of standing order 65.

On March 24 the chairman of the committee reported to the house as follows:

Your committee recommends that the government consider the advisability of introducing, at the appropriate time, an amendment to Bill 126, an act to amend the Pension Act, in respect to helplessness allowance to provide that the maximum amount payable to a disabled veteran in any of the classes described in the scale of helplessness allowance, as at present authorized, be increased from $750 to $1,400 per annum, and that the minimum amount so payable be increased from $250 to $480 per annum.

On April 20 a further report, involving a recommendation for an administrative change, was made. That report is as folows:

Your committee recommends that, upon increases in war disability pension rates going into effect, the Canadian pension commission review each award in payment under section 21 of the Pension Act without the necessity of application by the pensioner.

That was purely an administrative proposal for the pension commission, without the necessity for an amendment to the act.

On April 27 the chairman of the committee reported to the house as follows:

Your committee recommends that the government consider the advisability of introducing, at the appropriate time, an amendment to Bill 126, an act to amend the Pension Act, to provide an increase of twenty-five per centum in the amounts set forth in schedules A and B to the Pension Act.

Your committee further recommends that the government also introduce an amendment to the said Bill 126 to remove the discrimination as to rank contained in subsection two of section twenty-six of the Pension Act.

Finally yesterday, May 10, the chairman reported as follows:

Your committee has considered Bill 126, an act to amend the Pension Act, and has agreed to report it without amendment.

Your committee is of the opinion that the rates provided in certain clauses of the bill are inadequate and that the limitations imposed in other clauses are unduly restrictive. As any revision of these rates to meet the views of the committee would result in an increased charge upon the public, your committee feels that it has no option, under the rules of the house and the terms of its order of reference, but to report the clauses without amendment. The committee would, however, urge that consideration be given to the recommendations contained in its second and fourth reports presented on March 24 and April 27, respecting rates of helplessness allowance and of war disability pensions, and would also recommend that the government consider the advisability of introducing further amendments to the said Bill 126 to provide:

[Mr. Gregg.]

1. That, in respect of world war I pension awards, no reduction in the assessment of disability shall be made, provided such assessment has been in effect for three years or more.

2. That section 11(1)(c) of the Pension Act be amended by striking out all the words after the word "forces" in line twelve thereof and substituting therefor the words "was obvious on enlistment."

3. That schedule A to the Pension Act be amended to provide that payment of pensions be made at the nearest multiple of "5" except where the disability is less than 5 per cent, for which compensation by way of a final payment is provided.

4. That sections 32 and 32A of the Pension Act be amended by striking out the proviso respecting marriage before May 1, 1944, wherever it appears in these sections; and that section 66 be repealed.

5. That section 62 of the Pension Act be amended by deleting the words "be entitled to draw and shall" in the fifth line thereof.

It gives me great pleasure to announce that, following a full and most intensive consideration of the representations made before the parliamentary committee on veterans affairs, and after studying the evidence presented there, the government has agreed to accept the recommendations, including an over-all increase of 25 per cent in the basic rates under the Pension Act. Hon. members will be gratified, I am sure, by this decision; for the country has shown clearly its opinion that those who have suffered as a result of death or disability from war service should be adequately compensated.

Perhaps the committee would be interested in a more complete summary of the major items in connection with the recommendations I have read.

Under the proposed new set-up a man and his wife will receive, in the case of 100 per cent disability, a total of $125 monthly as compared with the old rate of $100 monthly. Of this new amount, approximately $94 is payable on behalf of the man and $31 on behalf of his wife. They will receive for their first child $19 monthly, with $15 for the second. The payment for the third and each subsequent child will be at the rate of $12 monthly. This means that in the case of a Canadian family of a man, wife and three children, the total 100 per cent pension will be $171 monthly clear of income tax. This compares with the previous total of $137.

The basic rates for widows of those who have died are increased correspondingly. Instead of the previous payment of $60 monthly, a widow will now receive $75 and the additional allowances mentioned already for any dependent children. The rates for orphan children, following the same principle, will be $38

monthly for the first orphan child, $30 monthly for the second and $24 per month for the third and each subsequent child.

The government has also agreed with the unanimous recommendation of the special committee to a substantial increase in the additional pension paid to those pensioners who unfortunately are totally disabled, helpless and in need of attendance. The previous maximum of $750 a year has been increased to $1,400 a year. This means that a totally disabled pensioner in need of constant attendance will receive, if a married man with no children, $1,500 per year as pension and $1,400 per year as a helplessness allowance, or a total from both sources of $2,900 annually, none of which is subject to income tax.

Hon. members may be interested in what this will mean in the total annual liability to our country. Under the present rates Canada's annual pension bill for disability pensioners and for dependents is approximately $73 million. This new schedule will increase the bill by $18,000,000 annually and will make a total yearly pension liability of approximately $91 million. The increased benefits resulting from these changes in the basic rates and in the helplessness allowance will be retroactive to October 1, 1947, and immediate action will be taken by the Canadian pension commission and the chief treasury officer to get the adjustment cheques and increased rates of award into payment.

I have already referred to the purely administrative recommendations, but I shall repeat them. The third report recommended that the pension commission review each award under section 21 without the necessity of application by the pensioner. That has been accepted by the government and has gone into effect as an administrative change.

In the fifth report the committee recommended:

> That, in respect of world war I pension awards, no reduction in the assessment of disability shall be made, provided such assessment has been in effect for three years or more.

That administrative policy likewise will go into effect. The other recommendations in the fifth report which was tabled yesterday require amendments to the bill. In the main these will be dealt with by amendments as we deal with the bill in detail. As these amendments involve a number of changes, normally I would have suggested that the bill be reprinted; but knowing it was the wish of the parliamentary committee, as it is my wish, I asked that this be brought up before the committee of the whole today. I shall undertake to attempt to answer any questions and deal with each section carefully as amendments are put forward. I assure hon. members that if the bill passes the committee of the whole and receives third reading I shall undertake to see that a reprinted bill is made available.

May I say further that the recommendations contained in the fifth report tabled yesterday have been accepted to an appreciable extent, and additional amendments to the Pension Act will be moved as supplementary clauses to Bill No. 126.

The first amendment deals with the phrase "wilfully and deliberately concealed" in section 11(1)(c), and the inclusion of a definition of the phrase "recorded" on medical examination prior to enlistment. That is a slight variation only from the recommendation of the parliamentary committee.

Second, there will be an amendment to schedule A of the Pension Act to provide that payment of pensions be made at the nearest multiple of "5" except where the disability is less than 5 per cent, for which compensation by way of a final payment is provided.

Third, there will be an advancement of the deadline respecting marriages and births from May, 1, 1944, to May 1, 1948, for veterans of world war I. This implements in part the recommendation of the committee. The government does not consider that it is expedient at this time to remove the deadline entirely. This action will take care of cases which gave a great deal of concern to the parliamentary committee.

Fourth, an amendment to section 62 of the Pension Act to provide for the deletion of the words "be entitled to draw and shall" in the fifth line of the section.

Mr. BROOKS: Mr. Chairman, as the minister has mentioned, the bill which we are now considering is really not the bill that had second reading in the house. Personally I do not think anyone can take exception to the minister trying to get this bill through as quickly as possible, and we have no intention of raising any objection. While we all studied the bill carefully in the committee, the time taken was considerable and it is possible that we have forgotten some of the matters which were brought up.

My point in rising now is to ask whether we are to consider this bill section by section, or whether general remarks may be made now rather than on a particular section. The minister has rather established a precedent by making general remarks at the outset.

There are some things I wish to say applying more particularly to the schedule than to any section.

Mr. GREGG: Whichever you prefer, Mr. Chairman.

The DEPUTY CHAIRMAN: Of course the proper procedure in dealing with a bill is to deal with the clauses as they are called, but the Chair is always in the hands of the committee if there is unanimous consent to dealing with this bill in any other way.

Some hon. MEMBERS: Agreed.

Mr. BROOKS: At the outset I wish to say that I think the committee will be greatly pleased that so many of the recommendations have been implemented by the government through the minister. There was almost universal assent to most of these recommendations. We pressed hard in the committee for them and we are pleased indeed that the government has seen fit to implement most of our recommendations. I am not going to touch on the recommendations now, except the one which has to do with schedules A and B, which, after all, is the most important part of the bill to the soldier.

First let me point out that there has been no increase in the pension since 1925, some twenty-three years ago, and I am sure that every member of the house will agree that an increase in pensions is long overdue. During the depression and during the second world war the returned soldier from the first war was quite willing to accept what was coming to him and made very little complaint. In the second world war nearly everyone at home was employed at high wages; but the returned soldier who was unable to work, though many of them did, was content to carry along on his full pension of $75 a month and made no complaint. During the depression, from 1929 to 1937 or 1938, there was also very little complaint from the veterans in this country, although certain benefits which they had been receiving were reduced.

Undoubtedly war workers received very high wages, and, since the war, let it be said to the credit of the veterans organizations throughout Canada that their first concern has been for the rehabilitation of the young soldier returning home rather than pressing for benefits for themselves. But now that the young soldier has been more or less re-established on his farm, or in business, or attending school, the older veteran felt that, in duty to himself and to those who stood in need of increased benefits, something should be done to meet their requirements.

Just before the Christmas vacation the Prime Minister announced to the house that there would be an increase of ten per cent in the basic pension. We remember how that announcement was received by members of the house and by the people of this country from one end to the other. It was spoken of as a most ridiculous offer, which it was, and of course the legion and other veterans organizations could not and would not consider it for a moment. Then the bill now before us, Bill No. 126, was introduced, proposing an increase in the basic rate of pension by 16⅔ per cent. This increase was also considered to be most unsatisfactory by members of the house and throughout the country. It was an increase which it was felt should not be considered at all by members of the house and by the different veterans organizations.

When the bill came before the committee a number of recommendations and motions were made. One motion which I had the honour of moving in the committee was to increase the basic pension by 33⅓ per cent. It was put to a vote in the committee and fifteen members voted in favour of the 33⅓ per cent increase and sixteen against, so it was lost by just one vote. After seeing how that 33⅓ per cent vote went, the committee voted unanimously for an increase of 25 per cent. I would point out, Mr. Chairman, that while a 25 per cent increase was recommended by one veterans organization, the Canadian Legion, every other veterans organization across Canada had recommended an increase of 33⅓ per cent, and in addition mayors of municipalities and responsible civic organizations from one end of this country to the other sent in to the committee and to the members of the House of Commons many recommendations and petitions for an increase in the pension of 33⅓ per cent.

It might be asked, on what grounds was the 33⅓ per cent increase in the pension based? In that connection I should like to read what the Prime Minister said when he introduced this matter in the house on December 19. At page 489 of *Hansard* he said:

> It was recognized that account should be taken of increases in the general level of wages and salaries since the establishment of the existing rates.

Again, the Minister of Veterans Affairs said at page 63 of the proceedings of the veterans affairs committee:

> That was one factor, of course, but there were other factors in relationship to the whole picture of Canada as was mentioned this morning. The living standards of others of the Canadian population were considered by the government, and one might say, as far as it was

possible, all the departments within the government were consulted to see what would be equitable at this time in the light of what can be done.

There were three factors which it was felt should be considered in any increase in the basic rate of pension: first, the cost of living; second, the wage increase across Canada; and third, the increase in the standard of living between 1925 and 1948. Taking first the increase in the cost of living, I think it will be agreed that that is one of the most important factors entering into any proposed increase in the pension rate. While there has been no increase in the basic pension from 1925 until the present time, instead of taking 1925 as the basic year I feel that we would be more justified in taking the year just before the war, say 1939. I say that because the young soldier who fought in the second world war and was mostly concerned with becoming re-established, building a home, buying furniture and meeting household expenses, based his idea of the value of a pension on its worth in 1939, and not 1925, a year which he knew absolutely nothing about.

If we take 1939 as the basis, the cost of living has increased since then to 150·4. Thus it has not increased 33⅓ per cent; it has increased over 50 per cent. Clothing, which is one of the largest elements that enter into the cost of living, has increased to 172·9, or almost 80 per cent. Home furnishings, which is something that the veteran settling down finds an important item, has increased to 161·9. Food has increased to over 169. I just noticed a Canadian Press dispatch in the Montreal *Gazette* this morning, which spoke about a further rise in the cost of living. The article said:

> Cost of living indexes for eight Canadian cities April 1 showed increases varying from 1·3 points for Vancouver to 0·4 for Saint John, N.B., the bureau of statistics reported today. Food and clothing increases were mainly responsible for the advances.

That is the point I wish to emphasize, Mr. Chairman; food and clothing increases are mainly responsible for the advance in the cost of living. Then again the Canadian Press on May 4 said:

> Cost of living index goes up to record peak. Advance appears to have steadied; freight rate impact not shown.

The article goes on to say:

> The cost of living index, calculated on the basis 1935-39 equals 100, now is at its highest point in history. Before this year the peak was 150·6, established in the inflationary period after the first world war. This record was shattered in February when a 0·8 point boost in that month lifted it to 150·8.

The article also says:

> Clothing and food indexes showed the greatest changes between March and April, although small advances were registered also by fuel and light, home furnishings and services and miscellaneous items.

I would point out that there are a lot of small things that we do not think of when we consider the cost of living. For instance, if we go out to buy a paper in the morning, instead of getting it for two or three cents as we did twenty or twenty-five years ago, today we have to pay five cents. This may seem a small matter, but it is indicative of how the cost has gone up in practically everything that we have to buy. I remember when we used to buy the *Saturday Evening Post* for five cents. That was twenty-five years ago. Today we have to pay fifteen cents. I might mention haircuts and shoeshines, and all these little things. I doubt whether they are included in the cost of living, but they have gone up, not 33⅓ per cent but 50 per cent, 100 per cent, and in many cases more than 100 per cent. Therefore, so far as the cost of living is concerned, the veteran is more than entitled to a 33⅓ per cent increase in his pension.

The next item which was mentioned as entering into the increase in pension was the rise in wages all across Canada. I would point out that while there was a large increase in wages for workmen in skilled and unskilled labour, ranging anywhere from 50 per cent to 75 or 100 per cent, the pensioner's pension still remains at the same rate as it was in 1925. Speaking about the increase in wages, I should like to refer to a report which was given to our committee by the bureau of statistics. Under the heading, "Wage rates—unskilled factory labour—male", we find that taking 1925 as the standard year at 100, in 1947 the wage rate had increased to 197·4. That is, wages of unskilled factory labour, male, on the basis of 100 in 1925, had almost doubled in 1947. It had increased from 100 to 197·4. If we take the year 1939 and compare it with 1925, we find that it had increased to 108·2. Therefore, from 1939 to 1947 there has been an increase of almost 90 per cent.

I now come to the average earnings of wage and salaried workers. The year 1925 is again given as the standard at 100. In 1947 wages of the salaried workers had increased to 179, or almost 80 per cent. Therefore, in the matter of the increase in wages, which was the other main factor that should enter into an increase in pension, we find that unskilled labour had almost doubled its rate from 1925,

and the salaried wage earner's wages had gone up 80 per cent.

The other factor which I feel should enter into an increase in the veteran pensioner's pension is the standard of living. I mentioned that a few moments ago. No action was taken on the standard of living at all. We all know there has been a great increase in the standard of living since 1925. Things that were considered luxuries in those days, such as electrical equipment and so on, are necessities today, and have added greatly to the cost of living so far as the veterans are concerned. I know there are some who will say that the Canadian Legion recommended the 25 per cent increase. That is a fact. The Canadian Legion did recommend 25 per cent, but I would point out to the committee that their recommendation was made some time ago, and that the cost of living has gone up steadily since. They made their recommendation before the beginning of the year and, as we know, the increase has gone up steadily since that time. I should also like to quote from the brief of the Canadian Legion. They make this statement:

> Disability pensions are compensation for injuries or disabilities suffered as a result of war service. It was never intended that they should be at bare subsistence level. Awards are based upon medical advice as to the individual's capacity to take employment in the common labour market. It is reasonable, therefore, to expect that a 100 per cent pensioner should receive compensation at least equivalent to the wage paid for common labour. On an average throughout Canada this would not be less than $100 per month, reckoning on the basis of an hourly rate of 55 cents and an eight-hour day.

I would point out to the committee that the legion was wrong in the assumption that the wage paid for common labour is $100 a month, and that the basic hourly rate is fifty-five cents. As a matter of fact, we were told by officials from the bureau of statistics that the weekly rate of wage was $38 odd which would bring the total up to over $150 a month. We were also told that that included not only men who were heads of families but women and boys. Therefore the legion was basing its recommendation on a wrong assumption. It based its recommendation on the assumption of fifty-five cents an hour for an eight-hour day and $100 a month; but mark you, in its brief the legion says that the totally disabled pensioner should not receive less than $100 a month. I cannot reconcile the recommendation of the legion for a 25 per cent increase when the legion itself says that the soldier should not receive less than $100 a month. I sometimes wonder if the legion was not perhaps a little bit confused over the 25 per cent and the $25 increase. As far back as July 7, 1947, the general secretary of the Canadian Legion sent a circular letter to all members of the House of Commons. I am not going to read the letter, but attached to it was a recommendation which the legion made at that time. I should like to read an excerpt from it, as follows:

> The present rate for a single man—

That is speaking of disability pension.

> —is $75 and for a married man $100 per month with additional allowances for children. The more children there are in a pensioner's family, the greater becomes the problem of maintaining a household, notwithstanding family allowances.
>
> The legion's proposal, therefore, would provide the single man with $100 per month and the married man with $125, plus children's pension and family allowances. We believe that such an increase is necessary if unemployable disabled veterans are to be relieved from the exceedingly straitened circumstances under which some are presently existing.

As you see, Mr. Chairman, there again we have the legion recommending the $100, or the increase of 33⅓ per cent. I am satisfied that if that recommendation were justified on July 7, 1947, it is much more justified at the present time. This makes the veterans organizations across the country practically unanimous in their request that a 33⅓ per cent increase be given in pensions. I am not going to emphasize this matter any further.

We are pleased indeed that the government has seen fit to increase the pension by 25 per cent. I will say that I believe it has been done under pressure as far as the government is concerned. A few months ago the government offered 10 per cent; then, when they found that it was received across this country with such utter contempt, they increased it to 16⅔ per cent and prepared a bill on that basis. Now they come before us with 25 per cent. That is still inadequate, Mr. Chairman. It is not as much as this country can afford. As the minister told us just a few moments ago, the cost will be something in the neighbourhood of $18,000,000 to give the veterans of this country a 33⅓ per cent increase; or to give them $100 —which is small pay; no labourer in this country today is trying to live on $100 a month— will cost this government only another $6,000,000.

When we consider that the Minister of Finance, when he brings down his budget, will show a surplus of some $800,000,000, I think, as did the members of the committee, with the exception of one, there should be an increase of 100 per cent for the veterans of this country. Now is the time to give justice to these men. We have not amended these schedules for some twenty-three years. If we do not amend them

again for another twenty-three years, this will be left as it is. I believe that an adequate increase should be given to these men now. In justice I feel that this 25 per cent should be still further amended and that we should give these veterans what they are entitled to.

Mr. HARRIS (Danforth): Mr. Chairman—

Mr. BENTLEY: Mr. Chairman—

Mr. HARRIS (Danforth): —if I may be—

Mr. BENTLEY: Who has the floor, Mr. Chairman?

The CHAIRMAN: The hon. member for Danforth.

Mr. HARRIS (Danforth): If I may be permitted to have the floor, Mr. Chairman—with due deference to the hon. member who has just risen—perhaps the house would be kind enough to grant one of the veterans of this chamber the privilege of saying a few words in close proximity to the remarks that have been made by my hon. and gallant friend, the member for Royal. He knows as much about this great problem as many of us, and certainly a great deal more than those of us who might be laymen and who, perhaps through no fault of their own, did not have the high privilege of being part and parcel of the armed services in world war I and world war II.

I thought perhaps you, Mr. Chairman, and the House of Commons might be indulgent to one who has been privileged—as a layman, not as a soldier—to serve as an ordinary individual in Canada who looks on the great work the members of the armed forces did, how they saved democracy for us and how, during the last quarter of a century, they have done their best, as they are doing now, to carry on shoulder to shoulder with the rest of us who have an ambition to be good citizens in this greatest country and nation of the world, our Canada.

To serve in that manner has been my privilege. I say to the minister who is guiding this legislation through the house, that is something which we think about from day to day, week to week, month to month and year to year when we come in contact with those highly privileged men who saved us. While they were doing their job, we tried in our humble way to do something on behalf of Canada, but rarely had an opportunity to express our views with regard to their anxieties and with regard to what they had done on our behalf.

I trespass on the time of this committee today to give, in a few sentences, the ideas of those who are off to one side and who got in on the tail-end of the procession of the boys who deserve the head of the line. The minister, whose deputy I see in front of him, knows that some of us were privileged to give service to those who served us so well and saved our way of life. For that we ask no thanks. I say to you, Mr. Chairman, and to the five or more I see in this chamber who know, that we were privileged to give service; and the minister or his deputy can correct me if I am wrong.

In my own little community of Toronto we were highly privileged to give service to perhaps 4,000 or 5,000 who came back to us maimed and who needed service of a kind that a hospital organization, of which it was my privilege to be chairman, was able to give. The assistance of the Department of Veterans Affairs in our voluntary work is now gratefully acknowledged. They co-operated with this group of sixteen or eighteen men who gave these services to a maximum of servicing two hundred or so veterans daily who returned during world war II; and how we gloried in being able to do something for them!

That is past, but some things that are past should not be forgotten, and that is why I mention it. That is not the problem just now. Many things run through my mind in trying to follow the able and gallant speech, if that is a proper word, of the hon. member for Royal, who is a gallant man in common with many of my associates whom I see in this chamber. These gallant men must have within their very hearts and souls the needs of those who have been privileged to return. We ordinary men may not be able to appreciate the situation as they do, though I ask you, Mr. Chairman, and through you the minister to remember that some of our blood also served.

Apart from that, we as humble citizens have tried our utmost to see their point of view. For a quarter of a century I have had these men and their wives coming to my door. Any time I am at home the door is open to them after seven o'clock in the evening. I have learned to love, admire and respect these men and women, and I am anxious to be of some service to them. But I also think of others with whom it has been my privilege to come in contact, a few hundred employees in a plant where we have never had a strike or trouble of any kind. For years I have listened to their woes, to their family troubles, and so forth. In Calgary we have twenty or thirty, in Toronto another three hundred and fifty, and all those people

know there is one individual to whom they can come with their difficulties. None of this group have troubles with respect to pensions. Their difficulty is that they are not pensioned enough, that they are not earning enough, that they should have more money, better housing, and so on, running the whole gamut of those things which enter into our daily life.

I am privileged perhaps even more than the hon. member for Royal and many other members of this house to hear the story of the ordinary civilian and also to hear the story of the veteran and his wife and family. For a long period it has been my pleasure to provide payrolls for these people; and having some idea of costs, I say quite frankly and sincerely that during the last quarter of a century the amounts we have paid men incapacitated one hundred per cent, and on down the line, along with the pensions that went to their widows and families, which in the early days might have been on a par with what obtained in ordinary civilian life, have gradually lost that relationship.

I do not charge the minister with responsibility for this. I say it has been the responsibility of this chamber, Canada's House of Commons, that these pensions have not kept pace with rising costs of all kinds. Just last Sunday I received telephone calls from three returned soldiers in my own community, one a veteran of the first war and two veterans of the second war. They said their rents had been almost doubled. They were carrying on ordinary little grocery stores in that vicinity, and suddenly they found their rents greatly increased. I could give the figures; perhaps from $55 to $100, which is not quite double, or from $85 to $150, again not quite double, but that is not necessary to quote. The fact is that the cost of remaining in their places of business and keeping their families together has been almost doubled.

Not only that, but many times I am asked questions like this. "Where am I to live? I have two rooms, and they are costing me $40 a month. I do not know where to go for more room." Someone may say, as I sometimes do, that in the rural parts of Ontario we have thousands of vacant farm homes; so why should these people not go and rehabilitate those farms? That might be all right for my worn-out employee who has an aptitude for farming, or for thousands of others who should go back to the land; but I say to you, Mr. Chairman, that the men for whom the minister is responsible, because of their training, their war service, and in many cases their disabilities, are not able to go on the land in Canada. They are city bred and soldier trained; they

are accustomed to army food and army life, and you cannot change them overnight. These are not people you can transplant to vacant farm houses anywhere. They should have the first call on any available work in our cities and towns, for a dozen reasons.

The other group who have not served overseas, many of whom were brought to this country from Europe because of their training on farms, could be dealt with in a different way. If there were some squeeze process which could force foreigners to go to the vacant farms of Ontario and the other provinces, I would be ready to vote for that squeeze to be applied; but I would not be prepared to say this should be done in the case of our own citizens who served in the second great war, who perhaps came right out of high school, with no idea at all of agriculture and whose fathers were perhaps tradesmen. I am not suggesting they should be pushed out of the larger centres. But I would urge, as forcefully as I am able, that we be placed in a position where we can demand that those who have not served our national needs, those who have not served us in helping save democracy, be asked to get out of the way. Others should be made to vacate some of the homes they are occupying, and some of the positions they hold, to make room for those of our boys who have graduated from the schools and who, in the best years of their lives, served overseas.

Bring those young men into wholesome communities where, in their turn, they can make a living. We hear talk about increases in costs. I ask you, Mr. Chairman, to think about those increases in costs. I ask the same of any member who has had the privilege of making up a payroll each Friday night. I look at the costs of 1935, and compare them with those of today; I look at those of 1939, and again compare them with present costs.

A few moments ago I heard the hon. member for Royal make a reference to a payment of fifty-five cents an hour. As an ordinary manufacturer, I thought of the good old days when we paid fifty-five cents an hour; and we did not show many deficits.

Let us consider the ordinary labourer today. Perhaps he is not able to read or write. All he knows is how to punch a time-clock at eight o'clock each morning, change his clothes, and start to work at about eight-fifteen. He will wait around, work along and slog around until about a quarter to twelve. Let us not forget that about ten o'clock he has a rest period of five or ten minutes. Then, after lunch he comes back at one o'clock to resume his work; and I should not like to say how many minutes after one o'clock he actually begins. I do not

want a strike in any of my plants. But he does start to work shortly after one o'clock.

I was not here on Friday night; I found it necessary to be absent on some important business. Coming down the stairs at the plant about a quarter to five, I was almost mobbed by men coming upstairs, ready to sign off, with their day's work complete. Work eight hours a day?—well, perhaps seven and a half. I hope they did. And if they did not work seven and a half hours, I am not complaining much.

But what a change! From the time the minister's department—and this was before his term of office—suggested fifty-five cents an hour, we can remember what has taken place. Not one of them draws less than eighty cents an hour, and is paid for eight hours each day. I am not going to quibble, but I leave it to the imagination of hon. members to decide how many of those eight solid hours they were actually working from the time they began work at a quarter after eight o'clock in the morning until they stopped at a quarter to five; less, of course, an extra ten minutes at tea, and tea at ten o'clock—about all of which I do not complain.

Thank God we have a Canada here which gives our men all these great privileges. But I am sorry, in a quiet sort of way—

Some hon. MEMBERS: Oh, oh.

Mr. HARRIS (Danforth): —to have to drive into the minds of hon. members the fact that those who are engaged in industry have responsibilities. The Minister of Veterans Affairs, who has responsibility in this matter, must understand the situation when his department asks for legislation of this kind.

In passing, let me say that this is not the end. This is but the beginning. Some of us might accept it now; but none of us will lie down until this situation is equalized between those who have been fortunate enough to work in industry and who have not been handicapped one hundred per cent—

An hon. MEMBER: Oh, oh.

Mr. HARRIS (Danforth): Speak a little louder, and I will answer you. Let us not forget the man who has been handicapped possibly to the extent of 100 per cent so that we might remain behind and have the privilege of enjoying the advantages in this great Canada of ours. My appeal is this. Let us as men try to measure up to the points contained in the bill. Let us keep also in our minds our everyday experience with our great industrial population, one which we must nurture, look after, encourage and keep in good humour, so that they may continue to work in order that this country may be a great producing nation, and may be able to continue to hold its exporting position. Let us bring into the fabric of our industry those who may be only partly dependent upon the Department of Veterans Affairs. Let us make them part and parcel of our industrial organization, so that Canada may reach her destiny.

But while we do this, let us not forget that we have a responsibility to our veterans. While I was not privileged to serve on the veterans affairs committee, I have had the privilege of observing what goes on round about us. I say through you, Mr. Chairman, to the minister, that we shall not be finished with this problem when the bill is passed. Do not feel too badly when many units and organizations petition you. They will not pester; they will be content to petition their rights. And when I make reference to their rights I am sensible enough to realize, as will be other hon. members, that there will always be some who will ask too much. Perhaps they will ask more than they expect to get. I know there will always be some who are unreasonable. But they are Canadians; they did their bit. And I can say this, after a quarter of a century of experience, that I have never yet had a demand made upon me, as a member of the House of Commons, which was not within reason. On many occasions demands have been made of me. How grateful those people have been when some little attention has been paid to them by a member of parliament. Good heavens, you would think we were gods, the way some of these widows and soldiers wait at your doorstep. I put my arm around those widows and children—

Some hon. MEMBERS: Oh, oh.

Mr. HARRIS (Danforth): I do—ten thousand of them—and I will do so again.

An hon. MEMBER: What a man!

Mr. HARRIS (Danforth): I say to them, "I am just your servant; that is all." I am their servant. If some are unreasonable—and perhaps one out of ten thousand might be—you can shake his hand, seat him down on a chair in your home, and make him listen to reason. All the men will listen to reason, and so will most of the women.

I say to hon. members that if you would open your homes once a week to all the people who have been having difficulties, they would be most grateful to you. I know of no other group in the community who are so gracious and lovable when they come to see you. At the same time let me say that, after thinking over the problems of the last quarter of a century, I know of no other group in the

community which has given so much and asked so little from those of us who have been privileged to stay at home and attend to our gardens and our other business, from day to day.

To get back to the theme raised by the hon. member for Royal, let us be sensible and realize that costs have gone up, wages have gone up, in fact everything seems to have gone up much faster than the pensions to those who served us in world war I and world war II. I think I can venture a guess, and if I am wrong I hope industrial Canada will cry me down. I say to industrial Canada, Give to these men and women who served us in world war I and world war II, not just what you have given your employees but temper it with the bonuses and extra pay that you have given to the executives in your business. I say to industrial Canada and to those managing big business, If you ever have a quiet moment—I know they do have them—sit down and think. The hardest thing to do is to think. I say to them, Think not only of your own miserable little industry, or mercantile business, or shop, or what have you; try to think, without waiting for church on Sunday morning, about your fellowmen. Classify them if you will, but ask yourselves, who among them have paid the greatest price, who among them deserves the most consideration? I say, in common with my gallant friend the hon. member for Royal and all those honourable and gallant men in this honourable assembly that if they will do that their conclusions will be sound and will be for the well-being of Canada. Those of us who are not privileged to call ourselves gallant men will be happy to subscribe our mite that in the main this great country, which today by any yardstick offers a great example to the world, may continue on her path to that destiny which will make the minister and all others proud of our country.

Mr. BENTLEY: Mr. Chairman, I would have been a bit more impressed by the speaker who has just taken his seat if I could remember that during the last three years he had supported the position we had taken in regard to increases in rentals and price control.

Mr. HARRIS (Danforth): At least he did not oppose it.

Mr. BENTLEY: With regard to the matter under discussion, while we are disappointed in some respects, we feel that the government has made a vast improvement over what we were led to expect when we first assembled this session and when the committee on veterans affairs was set up. I have had the privi-

[Mr. Harris (Danforth).]

lege of sitting on this committee ever since I came to the House of Commons in 1945. Without casting any reflection upon the previous chairman or minister, I want to say that the present chairman has been most agreeable and able in the conduct of his duties and the minister has been most sympathetic and helpful in the carrying on of the work. The same goes for the officials of his department from whom we got a great amount of information.

I am not going to go into all the matters that were dealt with by the hon. member for Royal (Mr. Brooks), but I want to refer to one or two things about which I am extremely pleased. I note that the minister is going to move an amendment in order to accept the recommendation of the committee to remove the words "wilfully and deliberately concealed" from section 11(1)(c) of the Pension Act. That is a matter of gratification to myself and a great many other people.

While those words may have been put in the section with the best of intentions, we have always felt that their effect was to create a rather unpleasant connotation when veterans were looking over the act. I want to point out here as I did in the committee that the words "wilfully and deliberately concealed" indicate that someone attempted to get into the army with the expectation of later on exploiting his services in order to live the life of Riley in the future. That is not a good situation.

I remember when I first went to enlist in world war I a number of us came in from the outlying country dressed in our working clothes. The recruiting was done in a rather informal manner because it had not been organized as it was later on. We went before the attestation officer and answered the various questions that were asked with regard to our health. What young man, even though he had a slight disability, would admit it, especially before other young men? That is not what we would expect a human being to do. Others forgot them, while others felt that if they disclosed anything it would be considered that they were trying to back out after having got in the recruiting office. I think, with these words out, the administration of the act will not lose in efficiency, while a great many veterans will be highly pleased.

I am glad the government has agreed to bringing the pension up to the nearest five per cent if the disability is over the half-way mark. I think administration will be easier. We were all very much in favour of that and we are glad the government has accepted the recommendation.

I was a little disappointed in the minister's announcement with regard to the deadline respecting marriages, which is to be moved from May 1, 1944 to May 1, 1948, which has now passed. If there had to be a deadline, which the committee did not want, I would have thought the government could have moved it forward to 1952 or somewhere about there and then watch the progress of events from that point on. However we are not going to quarrel over that too much; in fact we are not going to quarrel over it at all. I think the striking out of the words "be entitled to draw and shall" from section 62 of the act was necessary, and I do not think that deletion will hamper the operation of the act or its administration. In the course of time I am sure it will have a beneficial effect.

We are glad that the government and the minister have accepted the recommendation that no reduction in assessment of disability shall be made, provided that such assessment has been in effect for three years or more. That will be a tremendous improvement over the old act and we are glad to have it.

With regard to the schedules I want to point out that there was a difference of opinion between the two veterans organizations that presented extensive briefs. Like the hon. member for Royal, I am inclined to think that if the legion had given just a little bit more thought to it they likely would have agreed with the recommendations of the national council of veterans associations and would have recommended the 33⅓ per cent. That 33⅓ per cent, if granted, would have amounted to only $100 a month. I do not think any member of this house or anybody outside who has an income of over $100 a month would like to be compelled to live on $100 a month, for a single person. I agree that what we have secured is better than what we were led to expect when we first came here. Nevertheless we should have been infinitely more pleased had this very minimum of 33⅓ per cent been granted.

Small local governing bodies in this country, village councils, town and city councils, people back in the country who have to collect the taxes from the people they meet every day and are not removed like the taxing authorities here in Ottawa from the people they tax but meet them, as I say, every day, and have to be careful also in the spending of those taxes—responsible bodies of this sort sent in resolutions asking that an increase of 33⅓ per cent be granted; and because I felt that these responsible bodies had given consideration to the cost which would be involved in such an increase and were willing to meet it in their local governments on behalf of their taxpaying citizens, I supported the recommendation to that effect which the hon. member for Royal moved in the committee. But, as he pointed out, it was defeated on a vote by a very small majority. He failed to remind the house that I then immediately moved—and I mention this to keep the record straight—another amendment to the resolution which was then before the committee. My amendment asked for a 25 per cent increase, plus a cost of living bonus. Had that amendment for a 25 per cent increase, plus cost of living bonus, been accepted by the committee, it would have resulted in the veteran receiving at the present time slightly more than $100 a month, because we recommended that a cost of living bonus should be paid on the basis of one dollar a month for each one point rise in the cost of living index.

Mr. WYLIE: That was defeated by one C.C.F. vote, was it not?

Mr. BENTLEY: No; it was defeated by one vote. There were no political lines drawn in the committee. We tried to keep it as much as possible on non-political lines, and I believe that every member of the committee, no matter to which party he belonged, tried to do what he felt in his mind and heart was the best he could for the veteran.

Mr. BROOKS: The vote hardly indicated that.

Mr. BENTLEY: I am not going to make a political issue of the matter. It may be as some say, but I am trying to keep the increase for the veterans out of the political field and deal with it as we saw it, on its merits.

My motion, I regret to say, calling for a 25 per cent increase and a cost of living bonus did not carry. If it had carried I believe it would have been a very good thing for the future for war disability pensioners in this country, because it would have established a floor under which their pensions could not drop, and it would have made available to the pensioners a bonus to take care of any increase which might take place in the cost of living. I would remind the committee that, while there are those who say we have now reached the peak in living costs, there are others equally eminent who say the cost of living is likely to go as high as 180 points, and if it should increase to 180 points, that is by 28 points and a fraction, it would largely cancel that increase in the pension which we worked so hard on the committee to secure for the veteran. I think a cost of living bonus would have been a very good precedent to establish. I believe it would have been better

even than the original proposal of the national council of veterans organizations.

An hon. MEMBER: Explain it.

Mr. BENTLEY: Someone asks me to explain what we meant by the 25 per cent increase, plus the cost of living bonus. The 25 per cent increase would have amounted to approximately the figure shown in the table which the minister passed around today and which will be in the new schedule to the act. It would have brought the pension, in round figures, to about $94 a month. The cost of living bonus, based on $1 a month for each one point rise in the cost of living index, would have meant, with the cost of living index standing at 152 at that time, that $8 would have been added to the $94, making the pension $102. If the cost of living index went down a couple of points the pension would have dropped to $100, and if the cost of living index dropped six more points at some time in the future the pension would reach its base, a minimum of $94. Should the cost of living index go higher than it is at the present time, it would mean that the pension would increase accordingly, to perhaps $110 or $115, depending on the rise in the cost of living index. That was the base we were trying to establish, an equitable arrangement based on the cost of living. But unfortunately, as I say, my amendment was defeated by one vote. Then the main motion to increase the pension by 25 per cent came before the committee and eventually carried almost unanimously. And so the table that goes out today, while it does not meet the hopes of those who moved the two amendments in the committee, nevertheless does give to the veteran a more pleasant and enjoyable prospect to look forward to than the original recommendations of the government which we were afraid the government might stick to.

I do not want to take up more time because I know there is a speaker to follow me, but in closing I would suggest to this committee that, as the national income in this country increases and as the earning power of our people increases, there is no good reason why those who have given years of service to this country, and have been hurt by that service, should not at all times be in a position to share in that increased national income or production. Remember this also, that when pensions were first introduced we did not have as a common thing in our houses many of the things which today are not only common but essential to the modern way of building houses, and we should not deprive any veteran in this country of the opportunity to enjoy the improved standards of living which go to make up the increased income of the country. While nothing further in this direction is likely to be done at this session of parliament, I would like those who are responsible for the Pension Act to give my suggestion their serious consideration and be prepared at another session to accept the justice of my proposal, that at no time should the veteran fail to partake of any increase in the standards of living which come to the Canadian people. With that, Mr. Chairman, it only remains for me to say that in the main we are pleased with the presentation made by the minister this afternoon.

Mr. QUELCH: Mr. Chairman, first of all I should like to pay a tribute to the Minister of Veterans Affairs and also to the chairman of the veterans affairs committee on the very fair and non-partisan way in which the meetings of the committee dealing with the Pension Act have been carried on. I think that this year we set a new high in that regard, and I am sure that the action will be highly appreciated by veterans organizations across the country.

When the pension bill, No. 126, was before the house on second reading we of this group expressed dissatisfaction with a number of its sections, and also recommended that certain amendments should be made to the Pension Act. Generally speaking, I think it can be said that was the attitude of the veterans committee. A number of recommendations were made by the committee, and I am sure we were all glad to hear the minister say that in the main these recommendations had been accepted by the government.

Previous speakers have already said a good deal regarding the increase in the basic rate by 25 per cent. That was the recommendation of the committee, and the government have accepted it. It is true that within the committee there was quite a strong demand to have the basic rate increased by 33⅓ per cent. That was the recommendation of the national council of veterans organizations. It was also the recommendation of a number of boards of trade across the country; that is, to have the basic pension increased to $100 a month. Many of us felt that in view of the increase in the cost of living, and in view of the increase in wages, we should have increased the basic pension to that amount. On the other hand the recommendation of the legion was for a 25 per cent increase, and the recommendation of the committee to the government was for a 25 per cent increase in the basic rate; there-

fore the government are to be highly commended for having accepted that recommendation.

I was especially pleased when the minister announced that the government had agreed, in part at least, to accept our recommendation regarding an amendment to section 11(1)(c) of the act to strike out the words "wilfully and deliberately concealed". For a long time that has been a bone of contention with veterans. Many veterans have felt that many veterans had been denied a pension on the grounds or as a result of these words being written into the act. It is well to remember that previous committees have made recommendations that these words be struck out We made that recommendation in 1946, but unfortunately at that time the government could not see its way to accept the suggestion. Again I say I am very glad that the government have agreed to that change, and I hope that it will have the result which many of us think it should have.

I am also glad that the government has agreed to establish a floor under pensions. The exact wording of the recommendation was:

1. That, in respect of world war I pension awards, no reduction in the assessment of disability shall be made, providing such assessment has been in effect for three years or more.

Then the pension commission assured us that that is in reality the attitude of the pension commission in regard to pensions of the old veterans; that is to say, they do not reduce them. On the other hand it is bound to give a feeling of assurance to veterans to know that right on the statute there is a section to the effect that their pensions will not be reduced.

In closing, I would say this. If the government can give the same kind of consideration to the recommendations that I believe may come from the veterans committee on the War Veterans Allowance Act I am sure the veterans of this country will be very highly pleased indeed.

At six o'clock the Speaker resumed the chair and the house took recess.

After Recess

The house resumed at eight o'clock.

CRIMINAL CODE

ONE-THIRD OF JURORS TO BE FEMALE IN TRIAL OF FEMALE PERSONS

Mr. T. L. CHURCH (Broadview) moved the second reading of Bill No. 199, to amend the criminal code (juries).

He said: I do not intend, Mr. Speaker, to delay the house for more than a few minutes tonight. This particular bill is one of the reasons I think we should have a legal committee in this house for the purpose of considering legal bills. I believe it would save a great deal of the time of the house.

My argument is this. Women can sit in the high court of parliament, in this house and in another place, and they can do many things today that they could not do in years gone by. This bill will make provision for women to be on juries. This matter was brought before the House of Commons last session. One of the cardinal principles of the British constitution is that the courts are subservient to the legislature. It is also one of the cardinal principles of Magna Carta that the people shall take a large share in the administration of criminal justice. One of these matters is the inspection of public institutions. With all due respect to the House of Commons here, I want to say that we are miles behind the old country in the matter of law reform. A committee was set up there shortly before the second great war broke out to consider all phases of this problem, with the result that a bill was prepared, although it was not introduced, embracing many of the features I am proposing here tonight. We are somewhat reluctant to advance one iota from what we had fifty years ago in the way of law reform. Law reform is one of the most important matters which this parliament can deal with.

With regard to the place of women today, I may say that some years ago when I first was head of our city, we found that married women, unless they owned property, could not vote in municipal elections. We went to the legislature and a bill was passed which made provision for two votes in the house, one for the man who was the tenant or the owner and one for his wife. Then in 1917 we went farther. We went to the Ontario government and said that this law had proved good in municipal matters. On account of what women did in the first war, and the suffering they endured, the Ontario legislature adopted the principle of our bill, namely, to give women over twenty-one years of age the right to vote in provincial elections. Toward the close of the first war, on that principle, after a long fight women obtained the federal franchise.

In the election held for this parliament, in June, 1945, fifty-one per cent of the women voted and forty-nine per cent of the men voted. As hon. members know, I believe in law reform, which has been a dead letter

in Canada as compared with the old country. We shall have some law reform if we pass this bill.

I remember, on one occasion some years ago, going over to the Hull assizes when I first saw the hon. member for Temiscouata (Mr. Pouliot) in action. There were all men on the jury. He had them all weeping. First, of all, the court crier started to weep. Then some tall fellows at the back of the hall started to weep also. The late minister of justice the Right Hon. Ernest Lapointe, one of the most beloved men in the province of Quebec, asked me to go over to see this young barrister there, and I did so. The result of this exhibition of sorrow was that court was adjourned until next morning. The jury wept as did everybody else. Everybody had his handkerchief out and all that kind of thing. The result was that a verdict of not guilty was brought in with regard to the prisoner. That is the first time I saw the hon. member for Temiscouata in action.

I do not know how far he is prepared to go with regard to this bill, but I should like to say this. Last session I introduced into the House of Commons a bill to allow women on juries. I believe that if women could secure this part of law reform, it would be a step in the right direction. If a female is being tried, I believe there should be females on the jury. Twenty years ago, when I first brought this matter before the House of Commons in 1927-1928, Mr. Harry Anderson, a popular and able editor, of the Toronto *Globe,* said he thought women were too temperamental. In my opinion, they are not any more temperamental than some of the men I see in this chamber when votes are being taken.

In the second place, Mr. Speaker, I want to call attention to one fact, and that is the place of women at the present time, and what they are doing in organizations like the Red Cross and the patriotic fund. Even with regard to our elections for this House of Commons, who does most of the work? From what I see of the matter, I think the women do. The men do not work now the way they used to. They leave it to the women in the daytime. Women can sit on the boards of education. There are twenty-five or thirty of them in the British House of Commons. I would point to what they are doing in education and public health, and in the Red Cross and the patriotic fund. Now they can be lawyers. Some are judges, some are magistrates and all that kind of thing. I would also mention what they are doing in organizations like the I.O.D.E., the national council of women, the patriotic fund,

hospitals and charities, the Red Cross, the schools and churches. They lead in all these good works. By what they have done in two long wars they have earned the place they now have.

Among the most important things, I believe, is the inspection of public institutions; and I believe that women would be better equipped to do this than men. What have we with regard to the inspection of public institutions? We have no inspection at all, except by crown officers. I am not here to say anything against crown officers. They are good and they are not responsible for what goes on. We in the House of Commons are responsible. I can say this. If women inspected some of these institutions such as the Don jail in my constituency, which was built shortly after confederation and has been condemned by grand juries whose reports have just been pigeonholed, changes would be made. I venture to say if women went there and saw what was going on at the present time there would be a vast improvement in no time in the conduct of these public institutions.

Then we see the place women are occupying today with regard to many other matters. I do not wish to detain the house much longer because there may be other members who wish to speak. On the streets of Ottawa these days will be noticed banners urging the public to be kind to animals and to make contributions to the Humane society and all that kind of thing. It seems to me that there should be some kind of society with a slogan, "Be kind to humans."

With regard to the Toronto Humane society, a fine organization according to a clipping I have in my hand, their inspectors went out and examined 134,000 cattle, sheep and swine, 40,000 poultry, 4,300 horses and 19,000 cats; also hundreds of inquiries a week regarding the care of animals are received by the Toronto office. They have issued a pamphlet on the care of animals such as dogs, cats, horses, birds and so on. So far so good.

After every great war there is always dislocation. There is always an outbreak of crime after every great war. The time has now come for these women, who have done such good work during two wars and in the depression, to be given this right. They have proven their case. There is no reason why they should not sit on juries. I venture to say they would be far better than some of the men I have seen on juries, and would bring about real law reform in this country by their inspection of these places.

Then take the question of the inspection of institutions such as the Mercer reformatory

and other similar buildings which should have been torn down years ago. It is true that under the present minister, Mr. Dunbar, Ontario has announced the opening of certain new institutions to look after the young people of this province who get into difficulties, but as far as the Toronto jail is concerned I see no improvement at all. The city of Toronto was a pioneer in law enforcement. It built a jail farm for young people away out Yonge street north of Thornhill, and another institution for women three miles west of the city, at Concord. The intention was then that the Toronto jail should be closed, but I venture to say it will never be closed under dual control. Today there are dozens of young people lying on the floors there and not being properly looked after. I do not want it understood that I am criticizing the staff. They are very good, but they operate under antiquated conditions and have to do the best they can.

I venture to say that if women were on the juries and made presentments they would see that something was done about it. The Minister of Justice (Mr. Ilsley) has made some improvements, no doubt, in federal prisons, but if I had my way I would put a sign over some of these federal institutions: "Abandon hope all ye who enter here". Often those in charge of these institutions have had no training for the work, and as novices, learn only from experience. I am not here to criticize them; far from it, but I believe we should give women the right of inspection when they are serving on juries.

I would not want any sob stuff in this discussion. I believe if these institutions were properly conducted we would see the same results that have been experienced in the old country. I would not urge any reform which is not in the public interest; but look at what is happening in the old land. Under the summary convictions act people are given time in which to pay their fines, instead of being sent to jail. When people are out of work and have not the money with which to pay their fines, they should not have to go to jail. I am shocked at some of the fines imposed in the Toronto police court under our control system, and federal tax matters, sometimes running into thousands of dollars compared with other places. Why, they summon people there for not having a radio licence, and all the rest of it. The administration of these federal laws is a severe charge upon the municipal police systems of the country, and they cannot provide institutions for those people. If we had the law reform they had in England fifteen or twenty years ago, a real summary conviction act; if we gave people time to pay their fines, I believe half the prisons could be closed up here as they were in England.

Our pace has been very slow in this country in regard to prison reform; though some improvements have been made in the last year or two, they are more farcical than real. As far as inspection goes, however, there is none. Members of the House of Commons have the right to inspect these institutions, but how many go there? Hardly any member of this house or any federal minister has inspected one of these institutions, or knows how it is conducted. If women were on the juries I think they would get better results, and for that reason I hope the Minister of Justice will consider accepting these amendments, or widen out the bill for female juries for females. While I have great respect for him and for the attention he has given his duties, I really think we should have some legal committee which, during the recess of parliament, would do what was done in England in 1938, when Sir Robert Horne had a bill all ready to introduce before the war broke out. The bill has now passed both the House of Commons and the House of Lords in England, after elaborate inquiry.

I believe the time has come for real law reform in Canada, and this is one phase of it. I believe women should be allowed to serve on the jury in a case involving another woman; but I really feel that the inspection feature by women is a most important part of it. If women were to inspect some of these institutions, asylums, federal and provincial jails, and so on, I believe we would get some reforms which we cannot seem to get now with juries of men making presentments to the judge, who sends them to the authorities where they are simply pigeonholed.

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): In the course of his gracious speech the hon. member for Broadview (Mr. Church) has paid fitting tribute to women, during this week following Mothers' day. I congratulate him on his remarks, during which he uttered many truths.

The hon. member is sponsoring Bill No. 199, to amend the criminal code to permit women to serve on juries. The jury is the cornerstone of one branch of law, that is, criminal law. Some people have spoken in favour of the abolition of the jury; in certain parts of this country the grand jury has been abolished; but the jury remains, and serves a very useful purpose, in that it is a guarantee of a fair trial for all those who have to appear before the courts.

The question now is whether men are exclusively superior to women.

Mr. McIVOR: No.

Mr. POULIOT: The answer given by my deskmate is correct. Even the most ardent feminists have not been advocating the superiority of one sex over the other. They have been sponsoring equality. Leaving that argument aside, I think the question is quite clear. Would it improve the administration of justice to have women on juries in cases where women appear before the criminal courts? That is all. In this bill the hon. member for Broadview has expressed the desire to sponsor the acceptance of women on juries. Well, who can do other than congratulate him on this suggestion?

With regard to a matter like this, or generally, who will contend that the female of the species is deadlier than the male? There is no reason to say that. It is an aphorism which has been taken for granted but in which there is no truth at all. In the administration of justice it would be a guarantee of security to women who may be called upon to appear before the courts to see persons of their own sex deciding their fate.

The exemptions must be different from those concerning men called for jury duty, and the suggestions made in this bill are perhaps not sufficiently complete, because there should be another provision with respect to the exemption of women called to serve on juries. That is, however, an easy matter to adjust. It should not take long to add the dispensation I have in mind.

If I understood correctly what the hon. member for Broadview has said so well, it is that he wants an acceptance of the principle of permitting women to serve on juries. It is wrong for any man to have a complex of superiority over women. In my long political career I have addressed many meetings attended by men and women, and I have appreciated the qualities of women, and their decisions. I have done so because so many of them were kind enough to vote for me.

To say that women are temperamental is unjust. They are no more temperamental than men. Indeed I know many men who are much more temperamental than women. Besides that, as a rule women are better informed than men, because they read more. Some have achieved success before the bar, on the bench and in many other activities.

I shall gladly support the hon. member's bill, provided that in due course there is an amendment exempting mothers with young children from the obligation of serving on juries. Other than that, I should be pleased to see women from all walks of life serving on juries, to decide the more important cases.

I wonder what the vote of the house will be, but I hope it will not be any reflection upon women, and that hon. members will think twice before voting the bill down. It is a good bill, a bill which deserves the support of the House of Commons and the Senate. I shall not speak longer, because I hope it will pass at the earliest possible opportunity.

Mr. SPEAKER: The hon. member for Davenport.

An hon. MEMBER: What does he know about women?

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, there is always someone in the house who knows much less than those who get up to speak, but who cannot contain himself without interjecting some silly remark.

I, too, shall be brief, because I wish to support the proposal of the hon. member for Broadview (Mr. Church), who has been a consistent pioneer in promoting good legislation in the House of Commons. I do not need to add to what he has said about the sphere women have held in the public life of Canada, more than to add to the list he has already given the fact that we have had queens, and the further fact that the next ruler of the British empire is likely to be a woman.

Only recently I attended a ceremony when quite a number were called to the bar in Toronto. It was on that occasion the Prime Minister (Mr. Mackenzie King) was called. At that time a number of women were called to the bar, one of whom was the daughter of Mr. Deputy Speaker, and another the daughter of the late H. A. Clark, K.C., and winner of the Wallace Nesbitt prize.

Women have thoroughly demonstrated that they are able to take their places beside men in any position requiring common sense and education. I have much pleasure in supporting the hon. member's bill.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I am pleased to support Bill No. 199, to amend the criminal code, and in doing so I congratulate the hon. member for Broadview (Mr. Church) upon having introduced the bill. It is but another indication of his humanitarian approach to life.

I support the bill because it makes provision for further recognition of the fact that women are necessary for the proper functioning of governmental and administrative services. I believe experience has proved the truth of this statement. Women who have occupied seats in the House of Commons have made a great contribution to our deliberations, and have done worthwhile work for the

country. I am certain that if in this parliament we had had more women in the House of Commons we would have price controls in Canada at the present time.

Let us look at the work women have done in legislatures. I give credit to all parties when I say that the women who have sat in the British Columbia legislature have given great stimulus to social welfare, legislation particularly in connection with mothers' allowances, children's allowances, and those aspects of government directly concerned with the home and family. The same applies to our municipal councils, and to the multitude of organizations in which women work. Without doubt, experience has proven that, more and more, the activities of women are a benefit in every sphere of our social life.

I support the bill because I believe the inclusion of women on juries, even according to the terms of the bill, will better serve the ends of justice. Women have an understanding of women's problems and women's circumstances which men do not have. I also support the bill because I am certain that their wisdom, counsel and advice, due to their experience in a wide range of fields, will be of advantage in the administration of law in this country.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, from the discussion we have heard thus far I believe there must be some misapprehension as to the meaning of the bill. Is it not a fact that women may sit on juries now?

An hon. MEMBER: No.

Mr. MacINNIS: Well, they can in my province.

Mr. SINCLAIR: That is right. You are progressive.

Mr. MacINNIS: Even at that, the bill provides only that in cases where a female is tried by a court one-third of the jurors must be women. The assumption underlying that, I should imagine, is that women will be more fair or will have a better understanding of the law as it affects women than of the law as it affects men. That, I believe, is the point with which a jury must concern itself.

Further, if we are to give equality, let me say that I am in favour of equality of the sexes in everything. But if we are to have a law which says that where a woman who is being tried by a jury, one-third of the jurors must be women, then the next thing we shall have to do is to enact a law whereby when a man is being tried by a jury one-third of the jury shall be men. In my opinion it becomes ridiculous if we do not assume the equality of the sexes.

If women today in any part of Canada cannot serve on juries, and if the province concerned has it within its control to remove that restriction, and fails to do so, then it must be an extremely reactionary province. I speak in this instance, of course, out of the abundance of my ignorance of the law.

I am not opposing the bill in any way; but if the bill had for its purpose ensuring the equality of women in matters of this kind I would be much more enthusiastic than I am now in its support.

Mr. A. L. SMITH (Calgary West): Mr. Speaker, when the minister speaks I should like him to answer one thing. I am sure we have all enjoyed the complimentary speeches we have heard tonight with respect to women. It is too bad that we have not more women here who could reply to the toast to the women which has been so well put by so many members this evening. When the minister speaks I should like him to tell me whether this bill would apply to the province of Alberta. We are still under the Northwest Territories Act out there so far as juries are concerned and, if this bill does not apply, as I think it will not, then I shall not be too greatly concerned about the women in my province, because we have a provision in our own jury act with respect to the service of women on juries.

It strikes me that from the practical side of this thing we would have to reconstruct all our court houses. There is no doubt about that. As you know, Mr. Speaker, in all court houses there is only one jury room and with the one room goes one of the amenities that are usually attached to things of that kind in civilized countries.

I am heartily in favour of what the hon. member for Vancouver East (Mr. MacInnis) has just said. I am inclined to think that if we are to deal with this matter at all, if we have jurisdiction to do so—I ask the Minister of Justice (Mr. Ilsley) to enlighten us on that—then we should provide for complete emancipation and not just pick and choose here and there as this bill does.

The bill provides that where a woman is being tried by jury one-third of the jurors shall be women. There is nothing permissive about it. They have had a lot of experience with this thing in England and in other places, and I am sure that the Minister of Justice in a summary way, in a short manner in any event, will give us details of the experience in various countries.

I am bound to say that in the jurisdiction in which I live there is no demand for it. That is my size-up of the situation. Remember I am in favour of it, but if women do not want the right to serve on juries I do not think we should force it upon them. They are delicate people and they do not appreciate force. I know of no great demand by women's organizations anywhere for the right to serve upon juries.

Those of us who are in the business of trying lawsuits before juries know it is one of the hardest things in the world to get men to serve on them. Unfortunately that is true. I agree with the hon. member for Temiscouata (Mr. Pouliot) that it is the cornerstone or pivot, certainly, of a branch of our law. We all believe in jury trials, but those of us who have been engaged in them, and I see quite a number here, will bear me out when I say that you never have a jury trial where you do not get telephone calls or visits from half a dozen people who say, "Please keep me off that jury." I do not care whether you are on the side of the prosecution or the defence, the same applies. That is what is found in actual experience.

Take for instance, coroners' juries. In the place where I live they are all friends of Paddy O'Sullivan who is in charge of coroners' inquests. We see the same boys on those juries all the time. If one of them happens to be sick they even have substitutes out there. It just runs along in that particular way.

We have had great difficulty to get men to serve, and unless there is some considerable opinion among women that they want to serve, I do not see why we should make it obligatory and force it upon them. May I say that I go again with the sponsor of this bill; I go again with the hon. member for Vancouver East, and I say that if we are going into this at all, let us make it complete emancipation. Let there be no difference whatever, where jury service is concerned, between men and women. Let us go the whole way in approving the equality of the sexes about which we have been talking this evening.

Mrs. GLADYS STRUM (Qu'Appelle): Mr. Speaker, before the bill passes I think I should say something about it. I do not often agree with the hon. member for Calgary West (Mr. Smith), but on this occasion I agree with him almost completely. What we want in this country are full-fledged citizens who will discharge the duties of citizenship whether they are men or women. I do not think we should debar women from doing things because they are women. I do not think we should debar them from the professions or refuse to pay them the same wage for doing the same work if they can do the job on the same basis as other people do it. I do not think we should deny them administrative posts because they are women, as we so often do. For instance, I do not think we should let them raise all the money in our churches and then not permit them to sit on church boards or be ministers, as we always do. I do not think we should discriminate against them in one field and then say they must do something in another.

I would hope that as women attained to the full stature of citizenship, as practising democrats and as responsible persons, they would be willing to sit on juries and give jury service in the same way as other citizens give it who happen to be men. I would oppose anything that says you must pick out women because they are women. Also you must not disqualify women because they are women. I would hope that we would permit more women to practise law and become judges. I do not know why we should force women to sit on juries and then tell them that they cannot be judges in any court that amounts to anything. If we give women the full rights of citizenship, then outstanding women should be permitted to be judges or act in the same capacity as other outstanding persons in the legal profession. I could not support anything that discriminates as between men and women in connection with the rights and duties of citizenship.

Mr. BENOIT MICHAUD (Restigouche-Madawaska): Mr. Speaker, I should like to associate myself with the last two speakers. If the bill had the effect of establishing the equality of men and women I would be ready to support it, but I cannot read that into this bill. As far as New Brunswick is concerned, this bill would be of very little use. I have acted as crown prosecutor in the county of Restigouche for seven years and I do not recall one instance of a woman being brought to trial by jury. There may be isolated cases here and there, but they are few. Of course that is to their credit.

Unfortunately I have not the act here, but in my province we have a provincial jury act the same as other provinces, and in that act the qualifications of jurors are set out. Certain classes of persons are debarred from serving on juries. For instance, barristers are disqualified, and there are other professions which are also disqualified.

An hon. MEMBER: And members of parliament.

Mr. MICHAUD: Yes, members of parliament and medical men. Firemen, if they are not debarred, at least have the privilege of refusing to serve. There are a number of classes who are either debarred from serving on juries or have the privilege of refusing to act. I am wondering whether there is any demand that women should serve on juries. I have heard of no such demand from my province, and if there is no such demand I suggest that we should not interfere with the present state of the law.

As I said a moment ago, in order to make this proposal operative, our present jury act would have to be amended considerably.

The last speaker referred to some sort of handicap under which females suffer in the professions. In my province ladies are admitted to the bar and quite a few of them are actively engaged in the exercise of their profession. We have no female judges as yet, but we may have. I do not think there is anything in any provincial or federal law debarring ladies from being appointed to judgeships.

I have said that I acted as crown prosecutor for a number of years, and there is hardly ever a case, particularly in connection with offences against morals, where the situation in the court room is not at times tense and delicate. It is difficult enough to get ladies who testify to tell the real facts about some unfortunate matters which come before our courts, and I suggest that very few women would enjoy sitting in a jury box and listening to the dirt that comes out in the evidence in a great many cases. For this reason I am of the opinion that it is no decent place for ladies, even if it is only in connection with the trial of female offenders.

For these reasons, Mr. Speaker, I am opposed to the bill in its present form. I would have no objection perhaps if it were in a more general form, but in its present form I certainly object to it.

Right Hon. J. L. ILSLEY (Minister of Justice): Mr. Speaker, I am afraid that I shall have to oppose the bill which the hon. member for Broadview (Mr. Church) has introduced, but in doing so I should like to make it clear that I am not at all opposed to the principle of equality of opportunity for jury service as between men and women, or, as it is expressed in the English act, equality of liability to jury service, because it is ultimately more of a liability than an opportunity, as the hon. member for Calgary West (Mr. Smith) has said.

The debate in the first ten or fifteen minutes seemed to proceed on the assumption that what we are deciding in this bill is the principle of equality of opportunity as between the sexes, but the bill is not as simple as that. The bill is a definite and specific proposal, and that proposal is that there should be in those provinces where the jury consists of twelve, four women on the jury, no more and no less, where the accused is a woman. As some speakers have pointed out, there is something illogical about the rigidity of a provision of that kind. It may be that in some cases the jury should consist entirely of women; it may be that in some cases the jury should consist entirely of men; but certainly I can think of no good argument why there should be four women, no more and no less, on any particular jury. I think the bill is exceedingly faulty in that regard.

If my hon. friend had introduced the principle which was introduced in England about thirty years ago of equality of liability to jury service as between men and women, with the provision that the judge might make exceptions in particular cases, I would say there was a great deal to support that principle in the Dominion of Canada. But then I would have to pass on to certain other features of this bill which we cannot overlook, and the most important of those features is the principle, which has obtained in our system of criminal law and procedure since confederation, of adopting the qualifications of jurors set by the respective provinces.

The British North America Act provides by section 91 that the exclusive legislative authority of the parliament of Canada extends to:

27. The criminal law, except the constitution of courts of criminal jurisdiction, but including the procedure in criminal matters.

Section 92 provides that the provincial legislature may exclusively make laws in relation to:

14. The administration of justice in the province, including the constitution, maintenance, and organization of provincial courts, both of civil and of criminal jurisdiction, and including procedure in civil matters in those courts.

As I shall point out a little later, some of the cases raise a doubt as to whether the prescription of qualifications for jurors comes under the heading of procedure in criminal matters or under the heading of constitution, maintenance and organization of the criminal courts. I would not contend, nor would I

admit that this parliament has not jurisdiction to pass a bill such as my hon. friend proposes. All I can say is that the matter is not free from doubt under the cases as I read them, and I shall refer to that later. I am under the impression, however, that the matter is covered by the heading, "procedure in criminal matters", and is therefore within the jurisdiction of the dominion parliament. But whether it is within the jurisdiction of this parliament or not, the question arises, as it so often does, as to the propriety and the desirability of breaking the long practice of relying upon the provisions of the nine provincial jury acts which prescribe the qualifications for jurors. The section which provides for such reliance is section 921 of the criminal code, which reads as follows:

> Every person qualified and summoned as a grand or petit juror, according to the laws in force for the time being in any province of Canada shall be duly qualified to serve as such juror in criminal cases in that province.
>
> 2. Seven grand jurors, instead of twelve, may find a true bill in any province where the panel of grand jurors is not more than thirteen.

That section has a long history and, although it may weary the house, I should like briefly to sketch it.

By a statute of the province of Upper Canada passed in 1800, namely 40 George III, chapter 1, the criminal law of England was introduced to the province of Upper Canada as such law stood on September 19, 1792.

By the Upper Canada Jurors Act passed by the parliament of the Province of Canada in 1850, being 13-14 Victoria, chapter 55, a whole code dealing with the qualifications, calling and challenging of jurors was introduced. This act was superseded by "An Act to amend and consolidate the jury laws of Upper Canada", passed by the parliament of the Province of Canada in 1858, being chapter 100 of 22 Victoria. This act repealed all former acts relating to jurors and provided a new jury code covering the whole field of selection, qualification, summoning and challenging of jurors. This act was carried forward into the consolidation of the statutes of Upper Canada of 1859 as chapter 31 thereof.

The act which is a counterpart of the 1859 act in Lower Canada is found in chapter 84 of the consolidation of the statutes of Lower Canada 1860.

Following confederation, the provisions respecting form and challenging of juries formerly in the jurors acts, to which I have referred, passed into "An act respecting procedure in criminal cases and other matters relative to the criminal law", of 1869, being chapter 29 of 32-33 Victoria, while the provisions respecting the qualifications and summoning of jurors passed into the jurors acts of the new provinces. In this connection, the latest pre-confederation criminal procedure act was chapter 99 of the statutes of the Province of Canada, 22 Victoria. The Criminal Procedure Act of 1869 provided by section 44 as follows:

> 44. And for avoiding doubt, it is declared and enacted, that every person qualified and summoned as a grand juror or as a petty juror in criminal cases, according to the laws which may be then in force in any province of Canada shall be and shall be held to be duly qualified to serve as such juror in that province, whether such were laws passed before or be passed after the coming into force of the British North America Act, 1867—subject always to any provision in any act of the parliament of Canada, and in so far as such laws are not inconsistent with any such act.

This provision was carried forward as section 160 of the Criminal Procedure Act in the Revised Statutes of Canada of 1886 as chapter 174 thereof. In the criminal code of 1892 55-56 Victoria, chapter 29, the provision appears as section 662 with the deletion of the explanatory part thereof dealing with laws in force before the province was admitted to confederation. The provision as it now appears in section 921 in the criminal code, first appeared as section 921 in the revision of the code in 1906, being chapter 146 of the revised statutes of that year.

I have traced this sequence very carefully, because it shows clearly that no substantial alteration has been made in this section, which purports to adopt the provincial law in respect to the qualification and summoning of jurors for purposes of criminal law, since first enacted just after confederation.

I have here—possibly I had better not weary the house with it—also an analysis of the other jury sections of the criminal code, sections 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 935, 936, 937, 938 and 939. I will simply sum up the effects of the research that has been made into the history of these sections by stating the conclusion that is to be drawn from them. My conclusion is, of the nineteen sections of the present code dealing with juries, eleven appeared first in the act passed immediately after confederation in 1869, one deals exclusively with Manitoba, and another with libel. It is safe to say, I think, therefore, that no substantial changes have been made by the federal authority respecting the policy in connection with jurors and juries since confederation. It will also be noted that at no stage since confederation has the federal authority concerned itself with the qualifications of jurors in criminal cases, but rather, this field has been left exclusively to the provinces by virtue of section 921. Sex, being

one of many qualifications, is noticeable by its absence from the criminal code.

It is interesting to examine, for the purposes of comparison, the legislation in England with respect to jurors and juries. The governing act in England is "The Juries Act 1870", being 33 and 34 Victoria, chapter 77. The application of this act, which encompasses special and common juries, is restricted to England and Wales. Section 5 provides that "The word juror shall mean male persons only". The act sets out the qualifications and method of summoning jurors in a manner not dissimilar to many of our provincial acts. "The Sex Disqualification (Removal) Act 1919", being 9 and 10 Geo. V., chapter 71, by section 1 removes disqualification on account of sex or marriage from the exercise of any public function and provides *inter alia* "A person shall not be exempted by sex or marriage from the liability to serve as a juror." The section further provides:

> Any judge . . . or other person before whom a case is or may be heard on an application... by . . . the parties (including in criminal cases the prosecution and the accused) . . . make an order that the jury shall be composed of men only or of women only . . . or may on an application made by a woman to be exempted from service on a jury . . . grant such exemption.

The section further provides that rules of court may be made exempting women for medical reasons.

Mr. CHURCH: May I ask the minister a question?

Mr. ILSLEY: Yes.

Mr. CHURCH: Will the minister kindly consider making the jury in the case of the trial of a female prisoner all females, and, second, grant a reference to the Supreme Court of Canada as to where the jurisdiction lies; federal versus provincial, in criminal cases? The minister is right; the organization of these provincial courts is provincial, but the criminal law which is covered by this bill is all federal, and under the control of the federal parliament. You appoint women as judges; and I hope the minister in his general bill to amend the code will consider this.

Mr. ILSLEY: I have a great deal more that I want to say on this bill, because I want to deal with the jurors acts of the various provinces, but I shall be unable to do so tonight.

On motion of Mr. Ilsley the debate was adjourned.

Mr. SPEAKER: The hour reserved for public bills having expired, the house will revert to its business prior to six o'clock.

PRIVILEGE

MR. GARDINER—DISCUSSION IN COMMITTEE OF SUPPLY OF MATTERS BEFORE PRICES COMMITTEE

Right Hon. J. G. GARDINER (Minister of Agriculture): On a question of privilege, before you leave the chair, Mr. Speaker—

Mr. KNOWLES: He had left the chair.

Mr. GARDINER: May I say that there has been appearing in the press for two or three days some reports of discussions which have been taking place in a committee of the house, and as a matter of privilege I should like to bring before the house a situation which has been created as a result of having waived the rules of the house in connection with certain discussions. At page 543 of *Hansard,* at the bottom of the page, the following appears:

> BUSINESS OF THE HOUSE
>
> Proposed Committee on Cost of Living—Opportunity for Discussion in House
>
> On the orders of the day:
>
> Mr. John Bracken (Leader of the Opposition): May I direct a question to the Prime Minister? He has already indicated that in a week's time he proposes to move a motion to set up a parliamentary committee to consider the question of price spreads. The question I wish to ask is this: once that motion is passed and this matter is before the committee, is the position going to be taken that in the debate on the speech from the throne, or at other times, under the rules hon. members cannot discuss the question of rising prices? If so, then we have only two days in which to discuss the speech from the throne, including this matter. I should like the Prime Minister or the government or the Speaker to assure us that if that matter is referred to a committee hon. members will not be denied their ordinary right to discuss it in this house.
>
> Right Hon. W. L. Mackenzie King (Prime Minister): Mr. Speaker, I have anticipated in a reply I made to the hon. member for Peel (Mr. Graydon), what my hon. friend has just inquired into. I think I said that the committee would be a committee to let in light where information is needed, certainly not a committee to prevent light from coming in. If the wording of the resolution were such that it named a specific matter to be sent to a committee in concrete terms, it might be necessary, as is frequently done, to interpret its terms very strictly. But it is certainly not the intention of the government to seek to prevent anyone from discussing the general question of prices in any way he may wish because of such a motion being on the order paper or carried.

The point I wish to make is this. The other night in committee of supply members of the prices committee asked questions which, under the rules of the house, I could have refused to answer; but because of the undertaking given, I proceeded to discuss with those members questions which are

before the committee on prices. All I wish to state tonight is that if the procedure is going to be followed in the prices committee which has been followed since my estimates went before this house in committee of supply, I shall have to insist, when I am back in supply, that the rules of the house be followed and that those matters which are before the prices committee be not discussed in the house.

Mr. KNOWLES: How was that a question of privilege?

An hon. MEMBER: It certainly is.

PENSION ACT

RATES OF PENSION FOR DISABILITY AND DEATH—SALARIES OF PENSION COMMISSIONERS

The house resumed consideration in committee of Bill No. 126, to amend the Pension Act—Mr. Gregg—Mr. Macdonald (Brantford City) in the chair.

Mr. WHITE (Hastings-Peterborough): I wish to say a few words, Mr. Chairman, on this bill now before the committee. I do not intend to review the many points and arguments so well put forward by the hon. member for Royal this afternoon, except to say that I agree with and concur in all the many points and arguments he raised. Like the hon. member for Royal and the other members who spoke this afternoon, I was happy to hear the minister announce that a 25 per cent increase had been made in the basic rate of pension. While this increase was considerably less than the amount to which the veteran was entitled, and less than the amount he expected, I am sure it will be a source of satisfaction to the members of the present veterans affairs committee in this house to feel that they have been able, through their combined efforts, to obtain this increase for the many veterans.

It appeared to me that it is a strange state of affairs that the government, the Minister of Veterans Affairs and his department could be so much out of touch and out of line with the general feeling in Canada, the feeling of the legion and the veterans themselves, that they believed an increase of $10 a month would be sufficient to meet the increased cost of living or to bring the veterans' pensions more or less up to par with other allowances.

No one will argue that the veteran has not a legal claim against this country for any disability that he has incurred while in the armed services. When it is remembered that these veterans have had no increase in well over twenty-three years, that they received no cost of living bonus during the war years, that they had to pay income tax on their pensions, I think they are to be commended because they never thought of or considered making any organized attempt to force the government to raise their pension during the war years. With regard to the veterans' organizations that have appeared before the present veterans affairs committee, in my opinion their demands were moderate in every way, were well advanced and were supported by ample evidence.

It is interesting to note that in at least one province at the present time the total amount allowed for 100 per cent disability under the workmen's compensation act is $100. I mention that because I do not think it is unreasonable to compare the total amount payable in Ontario to a civilian injured in his employment, with the amount paid to a veteran who received his disability in the defence of freedom and of this country.

I am still of the opinion that this country can do much more for the veteran. There has been too much talk in this house and before the veterans affairs committee as to what the cost of this increase is to be. The minister himself, speaking before the veterans affairs committee on April 13, as reported at page 156 of the proceedings, made this significant remark:

> Regarding disability pensions, the government cannot see its way clear at this session of parliament to go further than their present proposal, which is now before you.

That proposal was an increase of $10 a month; then there was a second announcement that it would be increased to $12 a month. It might be interesting for the minister, while this bill is before us, to explain to the committee what caused the government and himself to change their minds from April 13 until today when he announced that the increase would be 25 per cent. This is just another illustration of how much out of touch the government and the minister are with the feeling of the veterans and the feeling of the public; because every member in this house has received resolutions, letters, telegrams and briefs from all sorts of bodies, individuals and associations on this matter.

I should also like to ask the minister if he would say, while this bill is before the house, if in his opinion this increase of 25 per cent which he announced this afternoon does justice to the veteran; and if, in his opinion, it is all the veteran is entitled to. I for one still hope that the house will, at some later day, bring forward a further amendment to the Pension

Act, whereby the basic rate will be increased to $100 a month for 100 per cent disability.

The members who served on this commission had the privilege of having appear before them a delegation composed of veterans who had 100 per cent disability. There were blind veterans, veterans with double amputations, paraplegics, and blind veterans with one or two amputations. As I looked at those boys, one thought occurred to me. When you read in the press something about a blind veteran or a paraplegic, it simply does not register on your mind. But when these boys appear before your eyes and speak to you; when they state their case and argue it, when you compare your own whole body with those of these young Canadians appearing before you; when you realize that these boys carry their disabilities twenty-four hours a day and will carry them for the rest of their lives, the situation is brought home to you. I was ashamed and humiliated to think it was necessary for these young Canadian boys, many of them still only in their twenties, to come to Ottawa to appear before the veterans affairs committee and plead their case on behalf of themselves and their comrades, many of whom have still more serious disabilities. This thought ran through my mind: what member of that committee sitting around the tables would for one minute consider trading his whole body, with all his limbs and faculties intact, with that of one of these boys for the sum of $100 a month which they were asking to cover their serious disabilities? I may be entirely wrong in my opinion and judgment, but when I saw those boys and heard them plead their case I felt that $100 a month was a very small sum. Several of these 100 per cent disability cases spoke to the committee, and I should like to read briefly from what one of them said. It appears at page 337 of the proceedings of the committee for April 23. That veteran said:

> May I say a word? After all, I am one of those chaps about whom you are talking. In 1917, because I was an able-bodied citizen of this country, I was able to be in the front line at Vimy Ridge. At three o'clock one morning, on a raid, because I was able-bodied, had good eyesight, good arms, good legs, I lost two eyes and one arm. Now, I would not have anybody in this country think for one minute that there is enough money in the country to compensate me for what I lost. I want that very clearly understood. There is not enough money in the country. When I joined the services, I volunteered against the better judgment of my employer because I was a war worker. I volunteered because I thought it was the manly thing to do, and I still think I did the manly thing. So strongly do I hold those views that my children served in the last war. Now, that is one thing.
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> The salary I left was greater than this grateful country has given me as a pension in the last thirty years. Now, I have taken it. I have never peddled my disability but I am going to say right here and now that the thing which kept me going was my loyalist background and the guts my ancestors gave me, not what the government did for me.

Others of these boys spoke before the committee, but I need not comment upon their remarks, because all the members heard them and could form their own opinions. That same day a very fine brief was presented by Mr. A. J. Wickens, K.C., dominion president of the army, navy and air force veterans. I was very much impressed with his presentation, and in his opening remarks he brought to the attention of the committee a matter which perhaps had not occurred to those members who did not belong to the legal profession. I should like to read a short paragraph from his remarks:

> In approaching the question of the disabilities that follow from war casualties, I suppose a reasonable number of this committee are members of my profession, the profession of law, and will know the elements that are considered when you are assessing damages arising out of injuries received in civilian life. In civilian life there are six bases of estimating damages. The first is the loss of earning power from the disability, the permanent injury. That is under the heading of loss of income. The second is the loss of employability. The third is depreciation of the prospects of marriage. . . . The fourth is loss of participation in social activities and sports. The fifth is a most important one, . . . the shortening of his expectation of life. The sixth one which enters into a civilian claim is pain and suffering which inevitably follow injuries.
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> With all those six items which enter in varying degrees into the damage which an individual suffers when he is injured, there is only one of them that has ever been considered as a basis for war disability allowance compensation. That is the first one, loss of income.

The fourth of the points so ably presented by Mr. Wickens was the loss of participation in social activities and sports. I remember one young veteran telling me that, when he appeared before the pension commission, because of his disabilities he knew he would never again take part in any sports. He mentioned what sports had meant to him in the past, and what this would mean to him in future. He was rather abruptly told that anything of that kind was not taken into consideration in any way. It seems to me, Mr. Chairman, that is an important point, because when a veteran suffers a disability as a result of which he may never again be able to participate in sports of which he was very fond, he will have to change his whole mode of living.

I need not comment further on the evidence given before the committee, except to say

that in my opinion the veterans who appeared with the various delegations presented a perfect case. It was well argued, and the exhibits were right there before our eyes. These exhibits were described by Padre Lambert as his "shattered fragments," and one only had to look at these shattered fragments to realize that the boys had proved their case to the very hilt, and that certainly $100 a month was not an extreme amount. However, the government has not seen fit to increase the basic rate of pension to that amount. All I can say is that the public of Canada, the parents, the wives, the dependents of the veterans and the veterans themselves will pass their own judgment on this decision by the government.

In conclusion, Mr. Chairman, I was pleased to hear the minister announce this afternoon that the recommendations with respect to certain objectionable features in the Pension Act, such as wilful and deliberate concealment, the record on the medical sheet, the benefit of the doubt, the deadline re marriage, and the stabilization of world war I pensions were acceptable to the minister and the government. I suggest that, as soon as this bill is passed, the minister arrange to have the pension commission review all cases in which the decision was affected in any way by these various provisions which now are being struck out of the act.

Mr. HERRIDGE: Unfortunately when the minister made his statement this afternoon I was not in the house, but was attending the meeting of another committee. However, one of the hon. members has kindly given me a copy of the amendments that are to be moved when the sections of this bill are under discussion. Before proceeding to make my remarks, which will be brief, I should like to say that as a member of the committee I appreciated very much the regular attendance of the minister and the kind and courteous way in which he approached every question with which the committee dealt or which individual members had to bring up. I also want to say a word in appreciation of the work of the chairman of the committee. I think he is doing an excellent job. It is true that he has attempted to discipline me a few times, but in my opinion the chairman has been very fair, and has guided the committee in an excellent maner. It is a pleasure to serve on this committee. Regardless of party affiliations, I know the first concern of every member is the welfare of the veterans of this country. I must also pay tribute to the excellent presentations made by the two large veterans' organizations, the Canadian Legion and the national council of veterans.

I am going to be brief, Mr. Chairman, because I want the bill to pass as quickly as possible, so that those people throughout the country who are looking forward to this extra 25 per cent will receive their cheques just as soon as they can be issued. While I fully appreciate the arguments which have been put forward by other hon. members in support of an increase greater than 25 per cent, I must say I am delighted that the government has seen fit to accept the unanimous recommendation of the committee for an increase of 25 per cent in pensions.

I might say on this point that I should like to make an explanation, in fairness to members of the C.C.F. group in the house. I have been informed that, while the debate was taking place this afternoon, the hon. member for Medicine Hat (Mr. Wylie) made an interjection which indicated that a member of the C.C.F. group opposed the 33⅓ per cent increase, and another amendment for a greater increase than 25 per cent. That is not correct.

I am not at present officially a member of the C.C.F. group, and I voted for the 25 per cent increase in pensions. I did so because I was the mover of the motion for the 25 per cent increase in pensions. My motion was seconded by the hon. member for Fraser Valley (Mr. Cruickshank). That is why I supported the 25 per cent increase.

Mr. BROOKS: You voted against the 33⅓ per cent increase.

Mr. HERRIDGE: I want it clearly understood that no member of the official C.C.F. group opposed either of the two amendments to my resolution.

Mr. JOHNSTON: What are you—unofficial?

Mr. HERRIDGE: You know, Mr. Chairman, these hon. gentlemen who surround me are really frightened about the C.C.F., and they express it in minor ways.

I wish now to deal with the amendments which the minister suggested. They are:

1. The deletion of the phrase "wilfully and deliberately concealed" from section 11(1)(c) of the Pension Act, and the inclusion of a definition for the phrase "recorded on medical examination prior to enlistment."

This is not exactly what the committee recommended, but I for one am delighted indeed to see the deletion of the words "wilfully and deliberately concealed". I am sure members of the committee appreciate

very much that essential consideration of the committee's recommendation. Then:

2. A further amendment to schedule A of the Pension Act to provide that payment of pensions be made at the nearest multiple of five, except where the disability is less than five per cent, for which compensation by way of a final payment is provided.

I know that amendment will be of benefit to a number of pensioners. I know from personal experience that, while it may not be so important from the point of view of dollars and cents, it will certainly remove the ground for some discontent among veterans who did not clearly understand the administration of the Pension Act. Then:

3. The advancement of the deadline respecting marriages and births from May 1, 1944, to May 1, 1948, for world war I.

I am pleased to see this, because it gives effect substantially to the wishes of the committee. Then:

4. An amendment to section 62 of the Pension Act to provide for the deletion of the words "be entitled to draw and shall" in the fifth line of that section.

That also is an acceptance of the recommendation of the committee in that regard. I am pleased that the committee's recommendation has been accepted by the government. Then I understand this further amendment is to be made:

That in respect of world war I pension awards, no reduction in the assessment of disability shall be made, providing such assessment has been in effect for three years or more.

This amendment gives effect to the principle of stabilization of pensions. I am sure this will be welcomed by thousands of world war I veterans throughout the country.

As I said before, I am not going to speak at length. I am anxious to see this bill carried, because I know there are thousands of people in Canada who are anxious to receive these cheques. Again may I say how delighted I am to know that the government has gone so far in accepting the recommendations of the veterans affairs committee.

Mr. ROSS (Souris): Mr. Chairman, first of all I should like to endorse wholeheartedly the remarks of my colleague the hon. member for Royal (Mr. Brooks), and more recently those of the hon. member for Hastings-Peterborough (Mr. White).

This bill, and the proposed amendments, have had a most interesting history, especially during this session of parliament. On December 10 the hon. member for Royal moved the adjournment of the house for the purpose of discussing a matter of urgent public importance, namely the plight of war veterans and their dependents due to the government's failure to increase the basic rates of pensions and allowances to meet the high cost of living, with the result that pensioners and recipients of war veterans allowances were suffering extreme hardships. Then, there was reference to other matters.

On December 19 the Prime Minister (Mr. Mackenzie King) announced in this chamber a pension and allowance increase averaging ten per cent, which would be retroactive to October 1, 1947.

Speaking on February 6, the hon. member for Nanaimo (Mr. Pearkes) dealt at some length with this matter, pointing out the inadequacy of the proposed increase in pensions and allowances. I believe he did a splendid job on behalf of the veterans in his speech that evening.

Following that, on February 16, the Prime Minister announced that a bill was being prepared and that it was practically ready for presentation. He said the bill would grant an increase of 16⅔ per cent rather than 10 per cent in pensions and allowances, as had previously been announced.

On March 8 the Minister of Veterans Affairs (Mr. Gregg) introduced in the chamber a motion that a select committee be appointed to consider legislation relating to pensions, treatment, re-establishment of former members of His Majesty's armed forces, and to make recommendations from time to time in respect thereto. That is the background thus far.

Then, on March 11 the Minister of Veterans Affairs introduced Bill No. 126, to amend the Pension Act. It was set forth at that time that the original act came into being in 1916 and had been amended in 1919 and again in 1925. That was the last, until the present day.

It is interesting to note that prior to 1925 there had been a bonus system following the first great war, and that system had been followed until the bill of 1925.

The main feature of Bill No. 126 is the provision for an increase in the basic rate of pension, over which there has been so much controversy. Other clauses which have been referred to this evening are all to the good. When that bill was presented the hon. member for Hastings-Peterborough dealt most effectively with the inadequacy of the proposed increase. I thought he did a first-class job in his observations at that time.

After second reading of the bill, it was referred to the special committee on veterans affairs. Some eighteen meetings of that committee have been held, and worthwhile discussions have taken place. Presentations were made by the Canadian Legion, by the paraplegics and by other organizations, all of which made able presentations before the committee. I believe that was most effectively dealt with by my colleague the hon. member for Hastings-Peterborough within the last few minutes.

Anyone who was privileged to listen to those presentations could not but be moved. There was a large attendance. Many of the casualties were wheeled in, in the chairs in which they will have to spend the remainder of their days. The vast gathering in that large committee room was silenced; they had nothing to say after the presentation made before them that day. It was the most impressive presentation I have witnessed since I have had the privilege of being a member of the House of Commons.

On March 19, as reported at page 97 of the proceedings of the committee, the Minister of Veterans Affairs stated that the amount shown in the bill was in his opinion the distance the government was prepared to go. May I add that that was the increase of 16⅔ per cent to which reference was made at that time. We had considerable discussion then, because it appeared as though we were sitting in the committee in vain. This proved to be wrong, when we realize the significance of what the minister said this afternoon.

The government has gone a long way since that committee sat. At a meeting on April 27, an amendment was proposed by my colleague the hon. member for Royal which would have provided for an increase of 33⅓ per cent. After considerable argument, that was voted on and it was defeated by a vote of sixteen to fifteen.

An amendment was then proposed by the hon. member for Swift Current, which would have granted an increase of 25 per cent plus a cost of living bonus, on the basis of that in the early twenties, to which I have already referred. After considerable discussion, the vote on that was fifteen to fifteen. The chairman voted "nay" and declared the motion lost. Then the hon. member for Kootenay West (Mr. Herridge) proposed a straight 25 per cent increase, and the committee voted unanimously in favour of that motion. In view of some of the remarks that have been made this evening and this afternoon, I should like to indicate that the details of those votes may be found on pages 350 and 351 of the proceedings of the committee of April 27. Those votes were recorded, so that if anybody wants to follow up the little debate that took place in this corner of the chamber he can refer to the proceedings and find out exactly how every member of that committee voted on the various motions.

As has been pointed out tonight, it is strange that when the government could not see fit to grant the 33⅓ per cent increase the same bill provides for an increase of 33⅓ per cent for the fifteen commissioners who will administer the act. The government were ready to grant that increase for those people, but they refused to grant it to the recipients of the pensions.

Hon. members have pointed out that the pension is based upon the ability of the pensioner to perform labour in the labour market. It has been said that labour rates average about fifty-five cents an hour throughout Canada which at the rate of eight hours a day would amount to about $100 a month. However I think it must have been a few years ago that that average of fifty-five cents applied. I have in my hand the April, 1948, issue of the *Labour Gazette,* which is published monthly by the Department of Labour. At page 377 it is stated that for January last the average hourly earnings for those engaged in manufacturing was 86·6 cents an hour. On page 356 it states that the average farm wage rates for last January were $100 a month. At page 267 it states that farm wage rates are now 303·1 over 1939. That is quite interesting, because it shows an increase in farm wages of slightly over 300 per cent since 1939. The same publication points out that of those gainfully employed during the past year in Canada, 25 per cent were employed on farms. That is a most significant statement, as well as the one with respect to wages.

I have the latest statistical summary of the Bank of Canada for April, 1948. On page 72 are set out the details of the cost of living. This legislation proposes that any increases will be made retroactive to October 1, 1947. The index for the cost of living for September, 1947, was 139·4, but for April, 1948, it is shown as 151·6, or an increase of 12·2. There has been a steady increase every month and it is still increasing at this time.

Many things have happened in the past few weeks. We all remember the controversy we had in this chamber over the increase of 21 per cent in freight rates right across the board. For many of the people living in seven of the provinces of Canada the increase is actually more than 21 per cent. In the committee I cited the case of a young chap

who was operating a poultry farm under the Veterans Land Act. The rate to ship a 15-dozen crate of eggs was increased from thirty-five cents to seventy-five cents, or 114 per cent. These rates have certainly increased the cost of living of veterans and their dependents as well as others in at least seven of the nine provinces. No account of that has been taken up to this particular time in any of the cost of living indexes.

I had the privilege at one time of serving on a municipal council. It is my opinion that the type of government closest to the problems of the people is the municipal government. They have to deal with the daily problems of the people. They are usually a hard-fisted lot of people who watch where the dollars are being spent. They are a taxing body, and it is interesting to note that many of these bodies across Canada have sent resolutions to this government asking for an increase of 33⅓ per cent, which would raise the basic rate from $75 to $100. We should not overlook the fact that so many of these taxing bodies asked for the 33⅓ per cent increase.

As was so well stated this afternoon, it is amazing the way in which the standard of living in this country has changed from 1925 up to the present time. There are many things that people require today which were hardly available in 1925. Many more things are necessary in the home and the cost of these things is not counted in making up the cost of living index.

I am sure we all appreciate the government going as far as they have in this, especially in view of the attitude of the Prime Minister and the Minister of Veterans Affairs earlier in the session and on other occasions. I have made reference this evening to the dates and incidents. This increase will be appreciated, but it is still far short of meeting the increased cost of living of many veterans and their dependents, and this cost is still rising every day. Much of the cost is the result of legislation passed by this House of Commons within the past few weeks.

I think I have said enough to substantiate our asking for the 33⅓ per cent increase. As was pointed out on other occasions, it is expected that when the budget is presented next week a surplus of approximately $800 million will be shown for the past fiscal year. Thousands of these people have done so much to save democracy for us. In view of what is happening in other countries throughout the world, I am sure that we appreciate our way of life today on the North American continent. Surely we might have granted this increase. The increase agreed to will mean another $18,000,000 per year, but the increase asked for would have meant only an additional $6,000,000, or a total of $24,000,000. That does not seem a great amount when we hear the Department of Finance boasting daily about this great surplus which has been taken out of the people by taxation and which is expected to amount to approximately $800 million for the past fiscal year.

Like the previous speakers, I want to see this measure put through so that the cheques may be sent out just as rapidly as possible. I know these people will appreciate the increase they are getting, meagre as it is when compared with what we think they should rightfully have.

Mr. GRAYDON: Mr. Speaker, I rise to take part in this debate because I think there has never been a time, during my parliamentary career in any event, when the civilian branch of our population has been so much interested in the increases of pensions and other disability compensation which normally should come to the veterans of both wars. That is evidenced by the fact that increases have been endorsed, as stated by the hon. member for Souris (Mr. Ross) a moment ago, not only by resolutions from municipal taxing bodies all over Canada but by every kind of conceivable organization composed of both men and women throughout the country who have been most emphatic in their pleas to the administration to give what they consider is nothing less than a square deal to the veterans of Canada.

I often think those of us who were not privileged to serve in either war should not allow the veterans of either war or both wars to carry the whole load in their plea and claim for better compensation, for higher pensions and for greater allowances, because it is not just a veteran's problem. Primarily it is a veteran's problem, but it is also a problem which is part and parcel of the whole of the Dominion of Canada, and it is time that the civilian population of this dominion should team up with our veterans organizations and our veterans generally to see to it that we march together as a great Canadian nation seeking to do justice to the veterans and not allow the whole burden and obligation to fall upon those who have served. They have given much to this country in the past, and for that reason I think we who have not served have a definite obligation to see to it that we lend them our support, not just in mere talk, but in doing everything we possibly can to see that the veteran to whom we promised so much during each of the wars shall not feel

that those promises have in any respect not been carried out by the population who were not privileged to fight.

In my own case, as most know, several medical doctors in both wars prevented me from taking any part in either one. For that reason I was not on the veterans affairs committee; but I did think this was a proper opportunity, in view of the fact that civilians all over the dominion are so much aroused on this question, that there should be a voice raised by someone who is not a veteran in support of the pleas which have so eloquently and so properly been made by our soldier members.

Some who are not familiar with parliamentary procedure may perhaps raise the question why, when the motion made in the veterans affairs committee by my fellow member the hon. member for Royal, supported by others from this and other parties, for a 33⅓ per cent increase in the pension rates was turned down in the veterans affairs committee, a similar motion is not made here to make the 33⅓ per cent increase effective. I think the public ought to know that the rules of this committee prevent that. Otherwise the motion would be made, because that is the position which has been taken and it is one with which I am proud to associate myself as a civilian.

A minimum pension of $100 a month for a 100 per cent disability pensioner has been endorsed by almost every civilian organization across our land, and a 33⅓ per cent increase in the basic pension has been endorsed wholeheartedly and unanimously by the taxpaying people of Canada and our organized citizenry everywhere. During the wars there were no questions raised about how much we could spend to win those wars, and now the human instruments who won those wars have a just and proper claim that money and financial obstacles should no more be allowed to stand in the way of their getting justice than they were allowed to stand in the way of our winning the war when it was being fought, because after all, Mr. Chairman, this claim is just part and parcel of the payment we still must make for the winning of both wars. The two claims cannot be separated; they are inseparable, and for that reason, among others, I think we should so far as possible try to raise the pension rates up to the amounts which have been suggested.

The government has made some moves which have been acceptable so far as they go. I am going to make still one more plea to the minister, who I know has the interest of the veterans at heart, and that is to see to it, before we go any farther in connection with this matter, that we take public opinion as it is. You will have no trouble with public opinion; that is the last thing you need worry about. Governments often base their policies on public opinion. In this case there is nothing to fear. The public will not stop you or place any obstacles in your way. The public will endorse the government's action if it will now say that the pension shall be increased by 33⅓ per cent and that there shall be a minimum of $100 a month for the 100 per cent disability pensioner. There is nothing standing in the way, and so I urge the government now to take that stand. I urge it on behalf of the great civilian population of Canada, who, with the veterans, I assure the government are definitely and wholeheartedly behind that step.

In connection with the stabilization of pensions for the first world war, one hears everywhere, not just among veterans, but among civilians who perhaps have not been as close to veterans affairs as others have been privileged to be, that the time has come, so far as veterans of the first world war particularly are concerned, to wipe out once and for all the red tape in connection with their pensions and war veterans allowances. What I mean by red tape is this. I think the time has come—and I am hopeful that the minister in his amendments will deal with this; indeed I have been told that it is to be one of his proposals, and if it is it will have our wholehearted support because it is a proper move and long overdue—when we should by legislation declare that never again shall there be an examination by any doctors of a pensioner of the first great war, aimed at reduction of pension. Call off the doctors, so far as trying to bring about a reduction in his pension is concerned. Surely, after all the veteran has gone through, it stands to reason that now, after all these years, there cannot be much improvement in the health of the veteran who served in the first world war.

One of the reasons I have been prompted to rise tonight and mention this is the case of a veteran in my own constituency. I shall not deal with it except to illustrate a general principle. This veteran for years upon years fought to get a pension following his service in the first world war. Less than a year ago he got that pension, and then within the last three or four weeks he found that his pension had been reduced as a result of another medical examination. After twenty years of fighting to get a pension, he was granted it, and then, within a few short months, the medical examiners reduced his pension by a considerable amount. Those things should not happen. It is that kind of thing which makes trouble

so far as our society is concerned. The dollars and cents involved matter nothing to the taxpayers of this country, who can well afford to give a square deal to the men who made it possible for us to pay the taxes and to be here and live in a democratic country.

And so I conclude with this. I know it is out of order, Mr. Chairman, but I shall be finished before you can call me to order. So far as the war veterans allowance is concerned, I think we might well wipe out the red tape there too, and when the minister brings down his amendments dealing with that, let us get rid of the infernal means test. Abolish it altogether so far as the recipients of the war veterans allowance are concerned. Case after case of hardship has been brought to my attention, and I say to the minister and to the government: The public is behind you if you will make a move in that direction. Public opinion will support you if you will give the veterans of this country their 33⅓ per cent increase and the minimum of $100 a month for a 100 per cent disability. I know whereof I speak, because I have never seen the civilian population of Canada so aroused and so conscious, yes, and so ready to support to the last ditch the justified and legitimate claims of the men who fought for us and made it possible for us to carry on in this democracy.

Mr. CASTLEDEN: Mr. Chairman, the pensionable veterans of Canada and the people of Canada generally will be glad that this bill is going through. Having said that, may I say I think they will condemn rather strongly the fact that the bill, as it stands, is quite inadequate to meet the needs of the situation. A pension of $100 a month for a veteran who is 100 per cent disabled is an absolute minimum. The Canadian people are willing to accept that. In fact I shall go a little farther and say that today even that kind of pension is not enough. A situation exists today which should be met by legislation at this time particularly.

The original bill with the 16 per cent proposal raised a storm of protest across this country, which apparently had its effect in the committee, and the government itself has raised its ante to a 25 per cent increase. The $75 a month pension for the 100 per cent disability, which has been the standard in Canada since 1926, is a shameful reflection upon the way in which Canada has treated her veterans, particularly when the cost of living has been permitted to increase the way it has. If some of these hon. gentlemen behind the curtain will take their places in the committee I shall be glad to talk to them if they disagree with me. The government has to take its share of the guilt, since the removal of the subsidies and the granting of an increase in freight rates have added so much to the increased cost of living at this time. There is plenty of evidence to show that the dependents of the veterans and the veterans themselves all across Canada are suffering as a result of the low standard of basic pensions and the cost of living which has gone so high.

The proposal which I intend to speak on tonight is one which I think is the only one advocated which will take care of that situation. With the cost of living continuing to rise and with the increase in freight rates which was recently allowed, the effect of which has yet to be felt on the cost of living by the Canadian people, there is nothing in the economy as we have it today to prevent the disabled veteran from being in exactly the same position one year hence as he is today. The pension may be entirely inadequate to meet the cost of living at that time. That is why the proposal which was made by the representatives of this group in the committee was put forward that there be a cost of living bonus added to the minimum pension of $100 a month for the 100 per cent disability pensioner, which would take care of further increases in the cost of living. Unfortunately the proposal for the cost of living bonus was defeated in committee.

I hope the door is not closed even at this late day for the government to bring forward further proposals with regard to doing something to take care of this particular part of the situation. The cost of living as it is today results in this. First of all, the disabled pensioner will be far short of the amount needed to keep himself and his dependents in a proper standard of living. The granting of a 25 per cent increase in a pension which was already far too low is certainly far short of what we should have when we have had, in recent years, an increase in basic commodities amounting to almost 70 per cent.

The other place where this act is terribly inadequate is that it makes no provision at all for further increases in the cost of living from which the veterans might suffer. The bill as it stands at the present time cannot be described in any other terms than a patched-up job to take care partly of an immediate situation. If the suggestion that we made about the cost of living bonus could be implemented and brought into this act it would have the support of the house. I am not going to repeat the arguments that have already

been made here this afternoon. The discussions on the bill have been all to the good. It is pretty generally recognized that this bill is simply not adequate.

If this government fails to implement something which will take care of that situation it alone will have to take the responsibility. It will not be forgotten either by the people of Canada or by the veterans themselves.

Mr. BAKER: As a responsible citizen of Canada, I should like to say a few words on this matter. I had not intended to speak because I had discussed all these matters in the veterans affairs committee. I am a member of that committee. Some rather impassioned speeches have been made here today. I do not think this is the time when passion should be brought in. We should try to deal with this matter in a level-headed manner. I am not afraid to say what I think. I think a 25 per cent increase is a fair one; I support that. I am not going to recommend a 33⅓ per cent increase unless I think a 33⅓ per cent increase is needed at this time. Whether it will be needed in the future or not, I do not know. I think 25 per cent would meet the situation now. I hope that the debate will be kept on the high level it started on.

The hon. member for Peel introduced the political aspect, and it recalls to my mind what happened between 1930 and 1935, during the depression years. There was no veterans committee at that time. It seems to me that they taxed the veterans rather than helping them out at that time. We must bear these things in mind, because it is all very well to make an impassioned plea from the opposition benches at this time, but what was done then? Let us try to keep this discussion on a high plane and try to help the veteran out by putting this legislation through as quickly as we can before the other place adjourns, and let these veterans get their increase in pension.

The one complaint I have had from the veterans is this. They ask me, when are the veterans to be paid? When are we to get our cheques? They will get their cheques just as soon as we complete this bill. I am not saying that the bill is perfect. I think we have gone as far as we can go at the present time. We should pass this bill now. I would suggest that we get on with the business of the house. I am not going to talk any further on this matter. I will be quite frank in my statement. I think this is a very fair bill.

Mr. McKAY: I wish to say just a few words on this bill. It is not my intention to delay its passage very long. First I wish to support what the hon. member for Swift Current said this afternoon with reference to the action of the veterans affairs committee on the 25 per cent increase together with the cost of living bonus which was proposed by the members of our C.C.F. group. I want particularly to refer to the fact that when I spoke previously on veterans pensions in this house this year I did advocate a 25 per cent increase based on the cost of living index, together with a rider which would provide one per cent increase for each rise of one point in the cost of living index over 143 points. The reason for the selection of 143 points is probably obvious enough if one not only examines the cost of living index but also considers the scale of wages and other factors that go into what we call today the standard of living.

The index now stands at 151·6, which is eight and a half points higher than 143 which was set as suitable for a 25 per cent increase, that to be established, of course, as a basic pension not only for pensioners but for those on allowances as well. Therefore I suggest that the government should take into consideration in future some program which would involve attaching the pension scheme, and possibly allowances as well, to the cost of living index. Unless an arrangement of this kind is made, the house will face a frequent argument for increase in pensions, possibly as often as every year, until the cost of living in this country is stabilized.

I am more convinced than ever that we cannot do too much for these lads who have disabilities, after having sat in the veterans committee for a good many weeks and having seen entering that committee room boys who were paraplegics—boys who would probably never walk again—and many others who were blinded because of the war, and still others who were amputation cases. I do not think any of us who witnessed what we did in that committee can possibly feel that we can give enough in the way of pensions to these young men.

As a matter of fact, a good many of us voted for the 33⅓ per cent increase and we did that conscientiously. Later, the same group in many cases supported the 25 per cent increase, together with the cost of living bonus. We finally all got together and voted for the 25 per cent increase which is now before the house. I still feel that it is inadequate. I do not believe the taxpayer of this country will complain at the increased expenditure which this bill will involve. I do not see any reason why he should complain, because "the wages

of sin is death", and the wages of war is an increased pension bill. There is not any doubt about that. Wars are a costly business in human wastage and in the drain upon the taxpayer's pocket as well. But the men who defended this country and returned maimed for the rest of their days must be an obligation which every taxpayer must recognize; and on the whole, I think the taxpayers do recognize this obligation. I feel, as does the hon. member for Peel, that there will be no complaint from them if we increase the pensions of these disabled veterans by 33⅓ per cent and even more.

I commend, however, what the government has done in giving this 25 per cent increase. It will be appreciated by the thousands of veterans across the land. I feel, however, that it would be a still wiser program to follow if the 25 per cent increase that we proposed in the committee had been accepted, and with it the plan for a one per cent increase in the basic pension allowance rates for each point increase in the cost of living index. That would solve the question, I believe, for all time to come. When the prices of goods recede and the cost of living declines, the pension could then be reduced accordingly, but not below the 25 per cent basic increase which has been proposed.

I urge again upon the minister and the government that this proposal be taken into serious consideration, with the hope that the not too distant future will see something done in that regard.

Mr. GILLIS: This Bill No. 126, Mr. Chairman, received its first reading in the house on March 8. At that time some of us enumerated what we considered to be some of its shortcomings and suggested that the minister and those who were to serve on the committee might give study to some of the things we mentioned, with the end in view of bringing in amendments to cure those shortcomings. Not being a member of the committee, I find myself at a disadvantage in discussing the bill. A great many amendments have been made to Bill No. 126. Except to a few members who were on the committee, the amendments are not available. Actually most of us are discussing something we do not know anything about, or at least something we have not seen. Before the bill came back to the house to be discussed and put into final shape, I think it should have been reprinted so that the amendments would be contained in it. Had that been done, each and every member of the house would have some knowledge of exactly what the bill contains. The minister indicates that there is a desire to get it through as fast as possible, and so forth and so on. I am never in a hurry to put anything through. I am always anxious to see that the job is done right, so that we shall not have any regrets afterwards.

With respect to the 25 per cent increase, I do not think we have done a great deal in that regard. I think the recommendation should have been: 100 per cent pension, $100. When it is considered that the great majority of pensioners are in the category of anywhere from 15 per cent to 35 per cent disability, the amount of money involved in the 25 per cent increase will not be so great. I think the yardstick by which we must measure that pension is whether or not it has any relationship to the cost of living. It must be remembered that in determining matters of this kind we are fixing standards and we are asking a man who is 100 per cent disabled to accept a standard of living of less than $100 a month.

I do not think any member of this house, either single or married, would say that would be a decent standard of living for himself and his family, if he had been totally incapacitated in the service of his country. These men are in that condition because they offered their lives in order to maintain institutions such as the one we are in here tonight; and I do not think we can clap ourselves on the back and say that 25 per cent increase is adequate, and establishes any kind of decent standard for those who are 100 per cent disabled.

Back in 1940 and many years before that, the minister and the veteran members of this house will remember the difficulty we had in determining pension cases where the doctor could say, "Well, this disability is of congenital origin; it was a constitutional defect" and for that reason, or for psychiatric reasons, the man was ruled out, and no pension given. We quarreled for years over that particular clause.

In 1940 the pension committee of this House of Commons removed that clause from the act. I was a member of that committee, and I had in mind at that time that we were removing from the act something which was a thorn in the side of those who administered the act, and had been for a great many years. I thought that, when this war was over, the veterans coming back would not be faced with that business of, "Well, despite the fact that you are in this condition, it is something that is hereditary; it is of congenital origin." That went out. Nevertheless that attitude is still being maintained. It is maintained in the decision now that the disability was of pre-enlistment origin. It is merely changing the wording. The administration is exactly the same.

I am thinking now in terms of the fact that 25 per cent of all medical discharges from the

army in this war were men who came out because of being broken down physically. They were not the calibre of people who were built to stand the stress and strain of war. They were discharged as psychopathic cases and no disability was recognized in that particular category. The man is placed in an institution. The fact of the matter is that the man is a war disability. His services were requisitioned by his country; he was placed in abnormal circumstances, and if he was not able to stand that kind of thing the responsibility was on the doctor who classified him as 100 per cent fit for service. I am disappointed that something definite and specific has not been written into the act at this time, stating that if a man was declared fit for service on a certain date and went into the service, and did not come out in the same physical condition, the wreckage caused during the interval should be attributable to war service for pension purposes. That is what is done in Britain. There is no quibbling about it there, and that is what should be done here. By leaving this question unsolved we are simply side-stepping the issue. I am bringing up these questions now, because I believe in the matter of disability pensions this will be our last chance to say anything until the next session of parliament, and in the interim a great many people will suffer. As I said before, this affects twenty-five per cent of all those discharged from the services for medical reasons during the last war, and something definite should have been written into the act to protect such men.

There is another matter I should like to mention. I am giving you all credit for what you did, but you do not improve these things in that way. I am trying to put my finger on the spots where nothing was done. Take this business of divorce, which I have emphasized in this house on occasions. It has been a problem since 1919, and has been discussed over the years. It was a small problem then as it affected Canadian soldiers, but it has grown to considerable proportions today.

Mr. BROOKS: You cannot put that in the Pension Act.

Mr. GILLIS: You do not have to.

Mr. BROOKS: That is what we are discussing now.

Mr. GILLIS: Just a minute and I will tell you what we can do about it. My hon. friend heard this matter discussed in the veterans affairs committee.

Mr. BROOKS: Yes, but may I suggest that a subcommittee of the veterans affairs committee has been appointed to look into this matter of divorce and bring in a report before the end of this session, to see what can be done.

Mr. GILLIS: That does not mean a thing, and the hon. member who made the statement knows it. You can write all the reports you like; you can bring them into this house and table them, but that is usually the end of it. The legislation passed in this house is the only thing that counts; and, as I am now pointing out, this question of divorce definitely has to do with the matter of pensions. Today there are widows who, because of United States divorces, have been left without any means of support after assuming for twenty-five or twenty-eight years that they were legally married to ex-soldiers. Certainly the sore spot is the Canadian divorce law. As I suggested in the house before this bill went to committee, I have sufficient confidence in the judgment of those who administer the act to believe that if a clause were written in dealing with these borderline cases and giving the commission power to adjudicate on them, there would be no necessity to change the Canadian divorce law. Leave it as it is until the people of Canada want something done about it.

I believe that, in connection with pensions and war service disabilities, some discretionary power should be given the commission to handle problems of this kind. You will have a number of them from the old country. Girls are going back now to get divorces in England, and the men are left here in Canada. What is their status? What is the status of the children who are left behind? They have no status. Our own divorce laws are rigid and restricted, and perhaps they should be; I am not arguing that point. I do say, however, on behalf of all those who served, that something should be done to protect the widows, the dependents and the soldiers themselves through the medium of this Pension Act; and it has not been done. There is no need to study the matter; it is not something new. I have gone over it all with the chairman of the pension commission, who was good enough to have the files brought in and to sit down and go over them with me. The facts are known. It is merely a matter of facing up to the problem and doing something about it. To have a committee study the matter and bring in a report of some kind next year is, in my opinion, just a way of side-stepping the matter in the hope that Divine Providence may solve the difficulty in the meantime. Well, things just don't happen like that.

Another matter I think we overlooked is the question of merchant marine service for pension purposes. They are covered now

under the civilian personnel provisions of the Pension Act, but that coverage is very much restricted. You almost have to prove that a man suffered a direct hit from a torpedo before you can get a pension for him. There are men going around with legs off, casualties of war, for whom pension cannot be established. I think we should have gone at least as far as to grant them pensions. We have denied them every other privilege that has been granted other members of the armed services. We have refused to give them any status whatever along those lines, with one or two minor exceptions. We did, however, make a feeble gesture toward them in the matter of disability pensions, and I think we should have gone all the way with it. We should have given them exactly the same protection and the same latitude in the matter of disability compensation that we gave those in the armed services, but we have not done so. They remain as they were. In my opinion they performed some of the greatest service ever seen, but unfortunately they served private shipping companies who merely exploited them during the war, made what profits they could and assumed no responsibility for the wreckage of war. I think at least we should have included them in this act for disability pension purposes.

Another defect that has not been corrected is, I believe, in connection with the disability pension dying with the pensioner. As the situation now is, if a man receiving a pension of fifty per cent or better passes away, that pension is continued to his wife and dependents. If the pension is under fifty per cent, however, it dies with the pensioner. I think, to be fair about it, if a man is receiving even a five per cent or a ten per cent pension it should be continued to his dependents after his death, because in my opinion the recipient of a small pension often leaves his family in worse circumstances than one in receipt of a pension of fifty per cent or more. I think it would have been only fair and just and reasonable if the committee had recommended an amendment continuing payment of these disability pensions, no matter what might be the percentage of the pension. That provision would be there, then, as a matter of right; but that has not been done.

I have had only a quick look at the proposed amendments, which were shown me by the hon. member for Swift Current. I understand that the deadline in the matter of marriages has been shifted to June, 1948.

Mr. GREGG: May.

Mr. GILLIS: But from May, 1944, to May, 1948, is a period of about four years. The person married during that time has no status, because the deadline now being established is not made retroactive. As I say, I am only speaking from memory after a quick look at the amendment, but I believe there is a four-year period during which those people are being dealt out of any adjustments under the Pension Act. I suggest that if the deadline was not right in the first place it should not have been established; but if you are going to remove it to make the pension effective up to May, 1948, at least it should go back to the time the first deadline was struck. Many of us argued against that deadline at the time it was established.

That is about all I have to say on this bill. I have touched on what I think is wrong about it. Having served on these committees, I know what a difficult job it is. I know how hard it is to get unanimity of opinion. I know the job the minister has with treasury board when it comes to spending money. While I appreciate everything the committee did or tried to do, I still contend that the defects I have pointed out are glaring and specific, and that something should have been done in this bill to remedy them, because I believe this will be the last chance we shall have until next session.

Mrs. STRUM: Mr. Chairman, I did not have an opportunity to be a member of the veterans affairs committee. I have not had a chance to study the bill as closely as some may have had, nor have I had a chance to speak on it until now.

Some hon. members have mentioned the number of petitions they have received from their constituencies. Let me say that I never have received so many resolutions on any subject—and I include price controls and railways—from boards of trade, municipal councils and veterans' organizations as I have had in support of the plea for $100 a month for 100 per cent disability cases.

After every session, when I return home I hold meetings at different points in my constituency, and in those meetings I attempt to explain the legislation of the session. In this instance I do not know what I am going to tell my constituents, because there does not seem to me to be any reason for not giving $100 a month. In my view the only question we should ask is this: Can health and decency be maintained on any less than $100 a month? The answer of course is no. With the cost of living at present levels, no one can live in decency or comfort on less than $100 a month. So that, in itself, condemns anything less than $100 a month as a pension.

The second question is: Can Canada afford $100 a month? The answer is, yes. If $100 is not enough, and we have the money, why are we paying less? Surely there is no justification for what we are doing. Certainly there is none, so far as I can see.

Some mention has been made of impassioned speeches on behalf of the veterans. I say any plea made on behalf of the veterans could not begin to compare with the enlistment pleas, the bands, the speeches and the publicity which went out warning us that our country was in danger—and it was—and that it would fall, as it would have, if these men had not given life and limb and health in the defence of our country.

Now when our country is intact, when our industries are more productive than ever, when our agriculture is geared to a new high in production, when we have markets and income and production, what possible justification can there be for denying a decent living to those men who made all this possible? I can see no justice or logic in the government's position.

It is time we got away from the old idea of charity in connection with these pensions. We still think in terms of a hand-out. This is not a case of charity; it is a case of simple justice. Anything less than comfort and decency is a reflection not only upon the veterans but upon our own consciences, and upon our record as a nation. So I plead with the minister, even at this late day, to reconsider the sum mentioned, and to give at least a minimum of $100 a month for 100 per cent disability.

Again I voice the sentiments of the hon. member who said a few moments ago that public opinion would be behind the minister if he were to do that. The cost of living index stands at an all-time high for Canada. It is more than 151 at the present time, and is still going up. We are told that the price of meat is to increase, and there is no indication whatsoever that we shall have a return to price controls. Increased freight rates will certainly increase the cost of everything that has to be shipped—and that is everything; period. That includes meat, wheat, bread—everything; and there is no indication that these prices will come down.

The housing bill brought from the minister the other night a statement to the effect of rentals at $80 a month. This sort of living allowance must mean, therefore, that a veteran will have to live in the worst street, in the worst house, on the poorest of food and with the poorest of cultural and recreational facilities at his disposal. Surely that is shabby treatment for the people who made the present prosperity in Canada a reality.

There is no reason why the families of these men should have the poorest clothes or live under the poorest living conditions on the street. And that is what you are condemning these families to, when you condemn them to that sort of living.

A further point to be considered is that these pension moneys would go immediately into the spending stream in Canada. They will help maintain employment. This is not the kind of income which would be saved and salted away. It is a type of income which, along with family allowances and old age pensions, will be poured into the stream of everyday spending to maintain our Canadian economy at a high level.

So I plead with the minister even at this day to do something about granting this request, so just, so fair and so reasonable.

The DEPUTY CHAIRMAN: Shall section 1 carry?

Mr. LENNARD: I do not rise at this time to repeat what has been said so ably by many hon. members in the debate. I do not believe in repetition. In my view the case has been well put this afternoon and this evening.

I rise merely to make one or two observations. It was hinted a short time ago that we should get down to business and pass these sections, so that the bill could be sent to another place, because they were in a hurry to get away for a period of time. That does not concern me one bit. They can wait until we are ready to send the bill to the other place. They can deal with it then, and wait there until they receive it.

Mr. KNOWLES: They have got their pension.

Mr. LENNARD: Another comment I should like to make is that, as a member of the veterans affairs committee, when I voted in support of the motion for 33⅓ per cent I did so conscientiously. I felt the veterans should have it; and I assure you, Mr. Chairman, there was no political skulduggery in it, so far as I am concerned.

One other comment would be along the lines of those of the hon. member for Cape Breton South, when he criticized the failure to distribute copies of the amendments before they were brought in this afternoon by the minister. I found it necessary to attend another committee meeting this afternoon. I came into the house shortly after this discussion had begun. For some time I was at a loss to know

what the discussion was about, because I did not have a copy of the proposed amendments.

I would suggest that in future, when there are amendments to legislation, at least a few copies of those amendments should be available to members of the veterans affairs committee.

Mr. LOCKHART: I should like to say a word or two on an angle different from that mentioned thus far. First of all, may I concur in most of what has been said. As I sat listening to the splendid thoughts which have been expressed by so many in connection with the work of the veterans, the thought struck me that the mere mention of dollars can never become a compensation for a disabled body. That is something which far transcends money considerations. We have heard a good deal about 33⅓ per cent and 25 per cent. Like some other hon. members, I was not privileged to be a member of the veterans affairs committee. I do not know what went on there. I can say, however, that I am one who has had unanimous endorsation from hundreds of people, and to a great extent women's groups. This has impressed me, and I find it significant because the woman of the house knows what it costs to maintain a family.

Two things which have come up within the last two or three weeks have disturbed me considerably. One is the new fear that seems to dominate the mind of the pensioner, either the man receiving only $5 a month or the totally disabled man. A week or ten days ago I had occasion to talk to three men who had been re-boarded in Hamilton. They had been accompanied by a 100 per cent pensioner who went along for something to do. These men had the fear that something would happen every time they went up before the board. One man had a crushed kneecap and another had torn sinews in his arm. It was his left arm and he was not receiving a large pension, but he is fearful that every time he goes before a board a reduction will be made. On the one hand these men find their cost of living going up, while on the other hand the only safeguard that they have is likely to be reduced. I emphasize that point to the minister.

There is another point I should like to bring up, and perhaps the minister can sleep on it. This has to do with housing, but I do not intend to get out of order by discussing housing except housing for veterans. A day or so ago we heard a statement by the Minister of Trade and Commerce (Mr. Howe) or reconstruction or what have you.

The DEPUTY CHAIRMAN: That is not in this bill.

Mr. LOCKHART: I am not going to refer to any discussion that took place in committee; I am going to confine myself entirely to a matter which dovetails into this pension bill.

The DEPUTY CHAIRMAN: This bill has nothing to do with the housing problem. Before we commenced we agreed that there would be a general discussion, that hon. members would not be confined to discussing the first clause; but if the hon. member is permitted to discuss housing as it affects veterans, then the chair will not be in a position to stop anyone else and it may go on and on.

Mr. LOCKHART: I hope I did not give the impression that I intended to enlarge upon the housing problem. I merely said that what I was going to say had to do with the housing problem of veterans. As I say, within the last two or three weeks these men have developed a fear in connection with the homes over their heads. A veteran must have a home so that his pension will adequately provide him with a livelihood. The cost of living has been referred to and I presume that I will be in order if I refer to it again. These increasing costs make the veteran feel that the 25 per cent increase will not take care of his needs, the cost of which is mounting all the time.

Perhaps I dare to mention the cost of living; perhaps I dare to mention housing and perhaps I dare to mention many other things. Without being too specific, without creating ire in your mind, Mr. Chairman, without any thought of transgressing the rules, may I say that when these young men came back from the last war many of them counted on their gratuities and re-establishment credits. I shall not discuss details, but they have found that these have slipped away because of the increased cost of living, the increased cost of housing and so on. They feel that their security has slipped away.

I say to the minister in all good faith that this fear has crept into the hearts and minds of the veterans. If I could enlarge upon the causes I feel I could convince the minister. So I say to him to deal as leniently as he possibly can in his amendments and endeavour to wipe out the growing apprehension that has developed within the last month on account of the number of causes that have been mentioned here tonight. I have detected this quite recently and I wanted to bring it to the minister's attention tonight.

Mr. MOORE: I should like to bring to the attention of the minister one clause in the Pension Act which, in my opinion, ought to be changed. It has been dealt with already by a number of hon. members this evening, and it was also before the veterans affairs committee. I refer to the clause dealing with pre-enlistment condition. A large number of returned men are denied pensions because their condition is supposed to be of pre-enlistment origin. The Pension Act should be changed, so that a person who served in the armed forces for a period of years and then went into the permanent army should be considered as being eligible for pension, should anything happen to him during his military service. I am sure that many hon. members have received communications from veterans with two or three years service in the permanent army who have been denied pensions. I believe this is one change which should be made at the earliest possible day.

Another point which should be brought out is that the 25 per cent increase granted by this bill is not as large as it would appear to be. Many veterans have from 15 per cent to 40 per cent disability. When one considers that it is forty per cent of the 25 per cent increase he finds that the actual increase is 10 per cent of the total pension. In the case of smaller pensions the increase is reduced still more.

In the majority of cases the actual increase will not be more than $7.60 a month, while those receiving a 15 per cent pension will have an increase of only $2.85 a month. When we consider the increase in the cost of living I think we must admit that the 25 per cent increase will not meet the need of the serviceman in maintaining a reasonable standard of living.

The third point I want to bring up has to do with the merchant navy, which has already been dealt with by the hon. member for Cape Breton South. I believe that our Pension Act ought to be altered in such a way that veterans of the merchant navy will be considered veterans of world war II and, therefore, be pensionable.

Mr. BLACKMORE: Mr. Chairman, just before the bill carries, I should like to say a word or two. In a general way there is some cause for the country to take comfort when it looks over what we are doing for our men of world war II as compared with what we did for the men who came home from world war I. But our efforts are still far short of what they should be.

The vote on the 33⅓ per cent increase in the veterans affairs committee was, I am told, as follows: fifteen voted for and sixteen voted against the 33⅓ per cent increase. The veterans throughout the country and their parents and loved ones across Canada can derive comfort from that fact, because it shows how the realization of Canada's responsibilities is gradually dawning upon the members of this house. I am glad to say, and I am saying this for the sake of Social Crediters all across the dominion, that the Social Credit members of the committee all voted for that 33⅓ per cent increase. I think every member of the Social Credit party throughout the dominion, if he had been a member of that committee, would have voted for that 33⅓ per cent increase. If this house consisted of Social Credit members they would have voted for that 33⅓ per cent increase and a good deal more than that.

Too many members of this house, Mr. Chairman, I fear, still fail to appreciate the realities of the situation as regards the veterans and Canada's responsibilities to them. Let us remember that before these boys put on the king's uniform every one of them was a potential husband and father. He probably was a preferred man with the girls of his community. When a good many of those boys came back they had very little chance of finding favour in the eyes of those girls, much as the girls might have sympathized with them, because they were broken. Every one of those boys once had a potential career before him. Now, as a result of what they went through, for many of them there can be no career. We cannot give them a career, but we can, if we treat them fairly in respect of financial considerations, give them something like a chance to become husbands and fathers.

May I say once more what I have said several times on the floor of this house. This Dominion of Canada at the present time cannot afford to disregard potential husbands and fathers. This country needs babies, and it needs many of them. I am amazed that one or two people are smiling in the face of what I am saying. Cannot hon. members be realistic? It has often been pointed out that a small population like ours of 12,000,000 people cannot hope to hold such a magnificent heritage as Canada is without having the necessary population. There is only one way to get good Canadian population, and that is to raise them. Why not face that fact and look upon all these boys as potential husbands and fathers? We can make of them, so long as they have lived decently, husbands and fathers if we will only use the financial means with which to do so. Surely we ought to do that even in our own best

interests as a Canadian people, without considering the veteran himself at all. This is one thing to which we should give serious consideration.

Let us briefly examine the increase which has been given. I do not wish to minimize that increase at all, but let us face the facts and give it something like a correct appraisal. The pension, as it was before the present increase, was approved in 1925, and was at that time considered by the good people who then sat in this house a fairly adequate allowance for the veteran. But what has happened since 1925? The ordinary labourer in those days received 100; I am using that as an index figure. The ordinary labourer in 1947 received 197·4. In other words the ordinary labourer on the street has been able to increase his earnings by 97·4 per cent since 1925. But these veterans, choice men who went overseas, and who were the best we had and were taken over there because they were the best, are deemed to be not worth any more than a 25 per cent increase. How can ordinary members put those figures together and get sense?

Again, living costs have risen from 100 in 1925 to 125·9. Apparently that 25·9 has been the figure which has been in the minds of those who, with meticulous care, limited the size of this pension increase.

But they have utterly disregarded a good many other factors. The purchasing power of the pension, which was 100 in 1925, had already fallen to 79·4 before this increase. That is, before we increased the pension, we were giving veterans only 79·4 per cent of what the same pension was in 1925. So that the 25 per cent increase is actually 25 per cent of 79·4 per cent of the 1925 pension. That is a serious matter to bear in mind. Meanwhile the purchasing power of unskilled labour had risen from 100 in 1925 to 142·2 in March, 1948.

I notice that in all those figures which were provided for members of the veterans affairs committee, of which I was not fortunate enough to be a member, a great many of the little things which are essentials, which are almost "musts," are disregarded. For example, the ordinary man wants to go to a barber and get a haircut. So the ordinary veteran of course wishes to indulge himself in the luxury of having a good haircut by a skilled barber. But what has happened to the price of haircuts since 1925? In 1925 you could get a good haircut for thirty-five cents. What do you pay today for a good haircut? Fifty or sixty cents.

I am not sure that a man had to provide his wife with a hair-do in 1925, but today in any home the wife becomes unhappy if she is unable to have a hair-do once in a while to make her look something like the other girls with whom she associates.

The veteran has no consideration in little matters of that sort which figure so largely in the emotional life of the people, the girls they marry, and their daughters as they grow up.

Here is another little thing, but a thing we should not overlook. In 1925 the very best show would cost about twenty-five cents. Today you pay between fifty and sixty cents for the same kind of show with a tax included, and I do not suppose there would be any provision for relieving the veteran of the necessity of paying that tax on theatre tickets. It is callous to say that veterans do not need to go to shows. Are these men who went through the hell of war, whose minds are filled with horrible pictures, too terrible even for them to turn and glance at occasionally—they almost faint when they look at some of the pictures of things that they were obliged to look at in those terrible days—to be forbidden the privilege of going to shows just because they went and fought and saw horrible scenes which have been stamped indelibly on their minds? These are things which affect the lives of our men.

Let us remember that in the recent war we had a nation at arms; practically the full manhood of this nation was under arms. Therefore, when we are dealing with veterans we are dealing almost with Canada. Everything we put in this bill is affecting the veteran and the veteran's wife and children and his dependents, all over this nation from coast to coast. It is no small matter. Although I commend the minister and the veterans affairs committee on the fine work they have done, yet I feel that they should go right to work the day after this bill is passed and revise the act and have it all ready for us when we get back here next session. The new revision should be on adequate lines.

One thing comes to my mind. This bill, notwithstanding that the disabilities and the disadvantages which I have already indicated in it were sufficiently glaring, fails utterly to recompense the men for the suffering which they have gone through. Many of these men go through excruciating suffering.

One man came into my office just the other day. He is one of the men on the staff of messengers. He had a beautiful band of ribbons on his breast. We asked him how he

was feeling. He said that he had quite a lot of rheumatism in one of his feet. We asked him one or two little questions and he said, "Well, not all the men have had to sleep where I have had to sleep". We elicited from that man that he had been through the Sicily campaign and the Italian campaign. He is an illustration. Yet he is relatively fortunate. No matter what financial considerations we give, we do not make any reimbursement for that suffering. We do not make restitution for the disfiguration, the humiliation and the conspicuousness that the men feel when they are disfigured, when they know that every step they take or every move they make they are noticed by everybody. Too many members of this committee do not know what it is to have a physical disability; and unfortunately for the disfigured veterans, a good many of the returned men who were elected to this house, who were sent here to help the returned men out, did not receive any disablement at all. If the people had sent the disabled to this house to tell us how disabled men feel after a war, probably more consideration would have been given than is being given by some of the boys who went through the war with scarcely a serious injury.

There is no recompense for the unhappiness. I referred to that a minute or two ago. Consider those who have been right in close, the veterans who went right through the hell of the thing, went right through those awful scenes, saw men, for instance, blown to pieces by booby traps, or who hastily scratched the soil over fallen comrades in order that the morale of the men following would not be destroyed. They did that hour after hour! They think of the awful scenes. You can do nothing to eradicate from the minds of such men the horrible pictures. You cannot remedy the distortion of their personalities, wrought by such things in their minds all the time. Many of these men will almost jump out of bed at night or scream aloud, because their minds in dreams are working around some of the awful things they went through. We are doing nothing to recompense these men for these dreadful things. If we gave everything they asked in the way of money we would still be deeply in debt to the ordinary soldier for what he went through over there.

Under the circumstances, I feel that we ought to have let the boys have what they asked for. After all, they were moderate enough in their request. They said, "Give us $100 for full disability; give us 33⅓ per cent"! Well, all we would have had to do would be to give them $72 more a year, and we would be giving them what they asked for. Instead of that, we told them what we thought they ought to have; and we are giving them what we think they ought to have, instead of what they ask for.

Some hon. MEMBERS: Eleven o'clock.

Mr. BLACKMORE: We should at least give them, even yet, what they asked for, the full 33⅓ per cent.

Mr. BROOKS: Is it the intention of the committee to try to put the bill through tonight?

Mr. GREGG: No.

Mr. BROOKS: I had hoped we would get through tonight. Since we shall not, would it be possible for us to have the bill with the amendments tomorrow?

Mr. GREGG: I inquired into that, Mr. Chairman, but it will not be possible. If it is desired to go on with the bill tomorrow, which I should like to do, it will not be possible to have the bill reprinted, but we can provide ample copies of all the amendments attached to the existing bill, if that would be satisfactory.

Section agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall consider the amendment made by the senate to Bill No. 7, respecting emergency payments to assist in meeting increased cost of production of gold. It is a minor amendment and, I understand, will not take any time. Then we shall continue with Bill No. 126, which we have just had before the committee tonight; then second reading of Bill No. 208, to amend the North Fraser Harbour Commissioners Act; that is contentious, I understand. Then we shall take second reading of Bill No. 280, to amend the National Housing Act, 1944.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, May 12, 1948

The house met at three o'clock.

STANDING COMMITTEES

Third report of standing committee on railways, canals and telegraph lines—Mr. Breithaupt.

NATIONAL DEFENCE

REPORTS AS TO ISSUE OF USED UNIFORMS TO CANADIAN ARMY

On the order for motions:

Hon. BROOKE CLAXTON (Minister of National Defence): In view of the general interest I should like to give an oral reply to three questions put to me by the hon. member for Fraser Valley (Mr. Cruickshank) with regard to the summer clothing of the Canadian army.

Early in 1947 action was initiated to obtain a summer uniform for the army of a type similar to that already authorized for the R.C.A.F. Upon investigation it was found that a suitable tropical worsted cloth could not be produced in adequate quantities at that time. It was however definitely decided that tropical worsted uniforms would be issued to the Canadian army (active) and this will be done as soon as the cloth can be manufactured and the uniforms made. Contract demands for this purpose have already been issued but delivery will not commence before late summer. No second-hand R.C.A.F. khaki drill uniforms have been or will be issued to the Canadian army. During the war some 200,000 khaki drill uniforms were obtained from the R.C.A.F. for the purpose of clothing Canadian troops in Italy but were never shipped. These were not worn uniforms and were to all intents and purposes the same as the army khaki uniform which was and is standard issue. To scrap these and all other khaki drill uniforms at the end of the war would have seriously upset the supply of cloth for essential civilian and military needs. Even after the issue of tropical worsted uniforms, khaki drill will still be used for active training in field conditions.

Mr. CRUICKSHANK: May I ask the minister if the army will receive every consideration that the air force is shown, in any way, shape or form?

Mr. CLAXTON: I think the hon. member knows that every effort is being made to put the three services on an exactly corresponding basis. I have announced that in the house, and I have told the hon. member the same thing previously. That the army is not suffering as compared with the air force is indicated by the fact that, proportionately, recruiting is better for the army than for the navy or air force.

Mr. CRUICKSHANK: It is a better service.

INCOME WAR TAX ACT

PROVISION TO MAKE INFORMATION AVAILABLE TO SENATE AND COMMONS

Mr. STANLEY KNOWLES (Winnipeg North Centre) moved for leave to introduce Bill No. 298, to amend the Income War Tax Act.

Some hon. MEMBERS: Explain.

Mr. KNOWLES: This bill would add to the appropriate section of the Income War Tax Act, the following words, which will be underlined in the printed bill:

> Provided that nothing in this subsection shall operate to prevent a minister of the crown from communicating to the Senate or to the House of Commons any information obtained under the provisions of this act.

The purpose of the amendment is to remove the ironclad restrictions as to secrecy now imposed by subsection 1 of section 81, which in my view have the effect of denying to the house information which at times ought to be readily available.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Carried.

Some hon. MEMBERS: No.

Mr. SPEAKER: When shall the said bill be read a second time?

Some hon. MEMBERS: No.

Mr. KNOWLES: Next sitting.

Mr. GRAYDON: That is peeping-Tom legislation.

Some hon. MEMBERS: Question.

Mr. SPEAKER: Order. I shall put the motion, after, for first reading of the bill, and if it is the intention of hon. members to protest, they will have the opportunity to do so. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Carried.

Mr. SPEAKER: Carried. Mr. Knowles moves, seconded by Mr. Nicholson, that the said bill be now read a first time. Is it the pleasure of the house to adopt the motion?

Some hon. MEMBERS: No.

Some hon. MEMBERS: Yes.

Mr. SPEAKER: I shall have to put the question. Those in favour of the motion will please say "yea".

Some hon. MEMBERS: Yea.

Mr. SPEAKER: Those against will please say "nay".

Some hon. MEMBERS: Nay.

Mr. SPEAKER: In my opinion the nays have it.

The house divided on the motion (Mr. Knowles) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Archibald
Argue
Ashby
Benidickson
Bentley
Bertrand (Laurier)
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Black (Cumberland)
Blackmore
Blanchette
Bourget
Bowerman
Bradette
Brunelle
Bryce
Burton
Campbell
Caouette
Castleden
Chevrier
Church
Claxton
Cloutier
Coldwell
Coté (Matapedia-Matane)
Coté (St. Johns-Iberville-Napierville)
Coté (Verdun)
Croll
Cruickshank
Dechene
Denis
Dickey
Diefenbaker
Douglas
Eudes
Fair
Farquhar
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Gardiner
Gariépy
Gauthier (Portneuf)
Gibson (Comox-Alberni)
Gibson (Hamilton West)
Gillis
Golding
Gour (Russell)
Gourd (Chapleau)
Gregg
Hamel
Hansell
Harris (Grey-Bruce)
Hazen
Herridge
Hlynka
Howe
Ilsley
Irvine
Jaenicke
Jean
Johnston
Jutras
King, Mackenzie
Knight
Knowles
LaCroix
Lafontaine
Lalonde
Langlois
Lapointe
Laurendeau
Leger
Little
Low
McCann
McCuaig
Macdonald (Brantford City)
McGarry
MacInnis
McIvor
McKay
McMaster
Marier
Marshall
Martin
Maybank
Mayhew
Michaud
Mitchell
Moore
Mullins
Mutch
Nicholson
Nixon
Parent
Pinard
Power
Quelch
Raymond (Beauharnois-Laprairie)
Raymond (Wright)
Richard (Gloucester)
Rinfret
St. Laurent
Shaw
Sinnott
Stewart (Winnipeg North)
Strum, Mrs.
Thatcher
Townley-Smith
Viau
Warren
Weir
Winkler
Winters
Wylie—117.

NAYS

Messrs:

Adamson
Aylesworth
Baker
Barrett
Beaudry
Black (Yukon)
Blair
Bonnier
Boucher
Bracken
Bradshaw
Breithaupt
Brooks
Cardiff
Case
Charlton
Drope
Emmerson
Ferguson
Fraser
Gingues
Gladstone
Graydon
Hackett
Harkness
Harris (Danforth)
Hartt
Hodgson
Isnor
Jackman
Kidd
Lennard
Lockhart
McCubbin
McCulloch (Pictou)
McGregor
McIlraith
McLure
MacNicol
Manross
Matthews (Brandon)
Menary
Merritt
Miller
Murphy
Robinson (Bruce)
Ross (St. Paul's)
Ross (Souris)
Sinclair
Smith (Calgary West)
Smith (York North)
Stephenson
Stuart (Charlotte)
Stokes
Timmins
Tremblay
Tustin
Webb
White (Hastings-Peterborough)
White (Middlesex East)—60.

Bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 281, to incorporate The Canadian Legion of the British Empire Service League.—Mr. Mutch.

Bill No. 283, for the relief of Joseph Chiarella.—Mr. Maybank.

Bill No. 284, for the relief of Merle Allene Dalton.—Mr. Maybank.

Bill No. 285, for the relief of George Nestor Cloutier.—Mr. Maybank.

Bill No. 286, for the relief of Rufina Olga Soltysik Leshchynski.—Mr. Maybank.

Bill No. 287, for the relief of Rhea Lillian Appel Ostroff.—Mr. Maybank.

Bill No. 288, for the relief of Alice Elizabeth Tucker Shaw.—Mr. Maybank.

Bill No. 289, for the relief of Libby Raikles Lerner.—Mr. Maybank.

Bill No. 290, for the relief of Beatrice Catherine McCabe Sowerby.—Mr. Maybank.

Bill No. 291, for the relief of John Morrell.—Mr. Cardiff.

Bill No. 292, for the relief of Lily White Borgan.—Mr. Maybank.

Bill No. 293, for the relief of James Donald Bacon.—Mr. Maybank.

Bill No. 294, for the relief of Laurel Gwendolyn Wilband Walsh.—Mr. Maybank.

Bill No. 295, for the relief of Lillian Eileen Rendle Nadler.—Mr. Maybank.

Bill No. 296, for the relief of Claire Alice Tucker Vincent.—Mr. Maybank.

Bill No. 297, for the relief of Audrey Beryl Fryer.—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

EXPORTS OF BOOKS

Mr. BENTLEY:

1. Are there restrictions on the part of the United States against the importation into that country of books produced in Canada?

2. If not, does Canada export to the United States books of Canadian production?

3. If so, to what value in the year 1947?

Mr. McILRAITH:

1. Yes, United States laws and customs regulations prohibit the importation of books covered by an unexpired United States copyright. They also prohibit works regarded as being immoral or seditious, products of prison labour, or books falsely marked.

2. Yes.

3. $246,380.

BEDFORD MAGAZINE—ACQUISITION OF LANDS

Mr. STUART (Charlotte):

1. Did the crown, for purposes connected with the Department of National Defence, acquire in 1946 and 1947 certain lands at or near the Bedford magazine?

2. If so, were appraisals made in respect to these lands?

3. What are the names and addresses of appraisers and amounts received by each individual, firm or group?

Mr. LAPOINTE:

1. Yes.

2. Yes.

3. The Nova Scotia Trust Company, 162 Hollis street, Halifax, N.S., as agents for the Department of National Defence, $10,917.12. The payment, in addition to appraising, covered negotiation and recommendation of settlements of claims aggregating $182,852.00 arising from expropriation of thirty-seven properties acquired for the magazine area.

TAXATION—RACES

Mr. BENTLEY:

1. Does the federal government collect a tax from (a) horse races; (b) dog races; (c) motor car races?

2. If so, what percentage and/or how much?

Mr. WINTERS:

1 and 2. There is a tax of 5 per cent on bets on horse racing made through the agency of pari-mutuel systems, and a tax of 20 per cent on the price of admission to certain places of amusement, and this would be applicable to admissions to all the races mentioned.

There is provision made in the statute permitting exemption from this tax, however, when the amusement is organized, promoted or managed by an organization for social welfare, civic improvement or recreation, or for patriotic or other non-profitable purposes, when no part of the revenue inures to the benefit or private gain of any person as proprietor or member thereof, or shareholder therein.

INCOME TAX—FARMERS

Mr. HATFIELD:

1. When was the primary producers branch of the Income Tax Department set up in the different provinces in Canada?

2. Why was the province of New Brunswick the last province to have this branch established?

3. What is the difference between the prairie farmers income tax guide and farm account book and those used in the eastern provinces of Canada?

4. What is the difference between the farmer's income tax forms used in western Canada and those used in eastern Canada?

5. What farm experience did the individuals have who made up these forms?

Mr. WINTERS:

1. There has always been a section dealing with the assessments of farmers but it has only been called the primary producers section since August, 1947.

2. The primary producers section in New Brunswick was established at the same time as in all other provinces.

3. There is no material difference.

4. There is no material difference.

5. These forms were compiled with the assistance of many officials of the taxation division, who were fully conversant with income tax problems, and as a result of consultations with and comments received from senior officials of the Canadian federation of agriculture, federal Department of Agriculture, and other representative farm organizations.

RENTAL HOUSING PROJECT, P.C. 1095

Mr. TIMMINS:

How many housing units have been commenced upon or completed under the rental housing project instituted under P.C. 1095 of March 25, 1947, introduced to stimulate the production of rental housing?

Mr. McILRAITH: To date there have been 574 housing units commenced upon or completed under the rental housing project instituted under P.C. 1095 of March 25, 1947, introduced to stimulate the production of rental housing.

QUESTION PASSED AS ORDER FOR RETURN

CANADIAN MILITARY GAZETTE

Mr. SKEY:

1. Is the *Canadian Military Gazette* an official government publication?

2. Has the *Canadian Military Gazette* the government's permission to use the national coat of arms of Canada on its cover?

3. Have permanent officers of the Canadian army the permission of the government to have their names appear as honorary advisers to the *Canadian Military Gazette?*

EXTERNAL AFFAIRS

INQUIRY AS TO APPOINTMENT OF CANADIAN AMBASSADOR TO MOSCOW

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I address a question to the Secretary of State for External Affairs? In view of official reports of important discussions between the United States and Russia, is the government considering the advisability of appointing a new ambassador to Moscow to ensure that in any discussions that may ensue in Moscow, and in which other countries may be invited to join, Canada will be enabled to participate at the appropriate level?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): There have been no official reports to the government of Canada of discussions between the United States and Russia. Press correspondents' dispatches report Secretary of State Marshall as having said to a largely attended press conference this morning:

> This government has no intention of entering into bilateral negotiations with the Soviet government on matters relating to the interests of other governments. The discussion of any proposals in regard to outstanding issues which the Soviet government may have in mind must as a matter of course be discussed in the body charged with the responsibility for these questions.

I understand that in answer to a question subsequently he explained that he referred to such existing international machinery as the united nations security council, other united nations bodies, and the allied control council in Berlin.

I may say in a general way that there have been no recent developments about the representation of the government of the U.S.S.R. in Ottawa or of the Canadian government in Moscow. I think I should add in fairness to our chargé d'affaires and his staff in Moscow that we are receiving from them interesting and full reports on everything that can be ascertained by diplomatic envoys in the capital of the Soviet union.

Mr. GRAYDON: I guess there won't be very much, though.

LABOUR CONDITIONS

CANADIAN SEAMEN'S UNION AND CANADA STEAMSHIP LINES

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): May I direct a question to the Minister of Labour? Is he in a position to inform the house whether the Canadian seamen's union have instituted a court action in the dispute between themselves and Canada Steamship Lines? If not, will the minister consider the calling of a conference, through his department, of all parties to the dispute for the purpose of trying to settle it without court action?

Hon. HUMPHREY MITCHELL (Minister of Labour): Mr. Speaker, my information is that the wartime labour relations board, upon the application of the Canadian seamen's union, gave consent to the union to the prosecution of Canada Steamship Lines Limited for alleged contraventions of the wartime labour relations regulations. I understand that prosecutions have since been instituted against the company by the union for contravention of the regulations, P.C. 1003, but I have no particulars in that regard.

My department has made every effort to settle the dispute between the company and the union, but without success. We are still prepared to make further efforts to this end at any time there appears to be reasonable prospect of resolving the dispute by so doing.

In view of the court proceedings now under way, and the uncompromising attitude the parties have taken one to the other, my department is of opinion that there is nothing to be gained by endeavouring to bring parties together again at this time.

Mr. MacINNIS: May I ask a supplementary question? The minister referred to the uncompromising attitude of both parties. Is it not a fact that the uncompromising attitude was all on one side, that the employers refused to negotiate, according to the report?

Mr. MITCHELL: This dispute goes back, as my hon. friend well knows, to a difference of opinion on political issues inside the organization. I am sure he remembers vividly the differences that existed a couple of years ago and what took place on the Welland canal and at Cornwall. As my hon. friend well knows, what are called jurisdictional disputes are always difficult. I say frankly, without fear of successful contradiction, that my department has probably spent more time on this dispute than on any other dispute since I have been in the ministry. All that one has to do is to read the newspapers and see what took place between the parties in this dispute to understand how hard it is to get them in a conciliatory frame of mind.

Mr. COLDWELL: Mr. Speaker, did not the McNish report bear out what my hon. friend suggested?

Mr. MITCHELL: It bore out exactly what I have said. I am in this position, and I hope I shall always be in this position—

Mr. GRAYDON: If you are, you will have to change your politics.

Mr. MITCHELL: I hope I shall always be in this position, notwithstanding the attitude of the communist party in this country.

PRICES

OPPORTUNITY TO DISCUSS WORK OF SPECIAL COMMITTEE

On the orders of the day:

Mr. SOLON E. LOW (Peace River): Mr. Speaker, will the Prime Minister assure the members that the house will be given an early opportunity to discuss the work of the prices committee?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I hope the house will have an early opportunity to discuss matters pertaining to supply and the budget, neither of which have as yet been more than touched upon. There is not an item of supply through as yet, and I think that until some of these major measures have been discussed undertakings had better not be given with regard to other matters.

May I say further to my hon. friend that I am only one member of this house. I have not the control of this house nor of the committees of the house. It is for the committees to decide when they wish to report to the house. While a committee is sitting and before it has reported it would be quite wrong for me to give an undertaking that its proceedings would be discussed here and when.

Mr. GRAYDON: You are too modest.

HOUSE OF COMMONS

FUNCTIONS OF ELECTED REPRESENTATIVES

On the orders of the day:

Mr. PATRICK H. ASHBY (Edmonton East): Mr. Speaker, I would like to direct a question to the Prime Minister. In view of the fact that most of our democratic institutions are now being operated in reverse, would the Prime Minister inform the house for what main purpose individuals were originally elected by the people to assemble in parliament?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I say that I do not understand my hon. friend's question, and I doubt very much whether he understands it himself.

Mr. ASHBY: May I inform the Prime Minister that the main purpose of electing individuals to assemble in parliament was to abolish this robbery known as forced taxation.

INQUIRY AS TO REPORT OF CIVIL SERVICE COMMISSION RESPECTING REVISIONS IN CLASSIFICATIONS

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State? Can he say when he intends to ask the house to resume the debate on the motion standing in his name with respect to salary increases for employees of the House of Commons?

Hon. COLIN GIBSON (Secretary of State): Since the motion was first considered there have been further recommendations tabled for salary increases in the library of parliament, and as a separate motion will be necessary to have them considered by the house I thought it best to put on the order paper a notice of motion to approve these increases, so that all the recommendations may be considered at the same time.

Mr. KNOWLES: But when?

S.S. ABEGWEIT

INQUIRY AS TO STRUCTURAL CHANGES

On the orders of the day:

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, arising out of a letter I received today I wish to direct a question to the Minister of Transport. Has he received from the chairman of the transportation committee of the Summerside board of trade an inquiry as to whether the Department of Transport—

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but I would remind him that the purpose of asking a question is not to give information to the house but rather to get information from the minister concerned.

Mr. McLURE: I was not giving any information, Mr. Speaker. I was asking the Minister of Transport if he is going to change the lower deck of the S.S. *Abegweit* while she is in dry dock at Sorel.

Hon. LIONEL CHEVRIER (Minister of Transport): If such a communication has been sent to the department, it has not been brought to my attention; when it is, it will receive careful consideration.

GOLD MINING

EMERGENCY PAYMENTS TO MEET INCREASED COST OF PRODUCTION

Hon. DOUGLAS ABBOTT (Minister of Finance) moved the second reading of and concurrence in the amendment made by the Senate to Bill No. 7, respecting emergency payments to assist in meeting increased cost of production of gold.

Mr. RODNEY ADAMSON (York West): Before this amendment, which is a brief and simple one, Mr. Speaker, is concurred in, I want to put on the record briefly the reaction of the executives who are under this clause which is now being altered by inserting the word "knowingly" in the penalty clause section 7 of the act. I think it is important for the house to have the opinion of the gentlemen who are affected by this bonus bill.

I wish to quote briefly from some of the presidents and general managers of the mining companies who are affected by this bill. The first quotation I wish to make is from the remarks of the president of Dome Mines, Mr. Clifford W. Michel, at the annual meeting of the company. He said:

> This help is too small, to say the least, and some people will say it comes too late. There can be no relief for gold mines until a proper price for gold has been set.

That is the president of Dome Mines speaking.

Mr. SPEAKER: Order. May I ask hon. members to keep silence. This noise is disagreeable, not to say impolite, to the member who has the floor. It makes it difficult for him to make himself heard and for other members to hear him. I would call the attention of the hon. member who has the floor to the fact that he should confine his remarks to the amendment which is before the house.

Mr. ADAMSON: That is what I was endeavouring to do, Mr. Speaker. As I have stated, this is a brief amendment, but it deals with statements made by officers and executives of mining companies. I think what I have to say bears directly on the matter at issue. I have only three men to quote from. Mr. Jules Timmins, of Hollinger, says:

> I do not believe any great improvement until currency adjustments result in an increase in the price of gold. Believe them to be inevitable.

Some hon. MEMBERS: Order.

Mr. ADAMSON: I mention these quotations to the house, Mr. Speaker, because they exemplify the reaction of the industry to the bill which we have before us. The next quotation is from Mr. J. Y. Murdoch, president of Noranda, who has this to say:

> The gold producers of this country should be allowed free access to world markets, and notwithstanding what our Minister of Finance alleges, I am certain Canadian gold producers could market their production at substantially higher prices than our government now pays.

With regard to the low-grade property, Pamour Porcupine, he has this to say:

> Serious as this closing down of marginal producers may become, the resulting discouragement of prospecting and the finding and development of new mines is equally important. It will be years before Canadian gold mining will have any chance of recovery.

Those were three major producers. There is one more statement which comes under this clause, Mr. Speaker—

Mr. KNOWLES: I rise to a point of order. Is the rule not clear that in speaking to an

amendment of this kind, one must stick to the subject of the amendment? The amendment merely inserts the word "knowingly" in section 7, subsection 2. In other words, it merely provides that those who commit certain offences can only be taken to task for it if they did it knowingly. It seems to me that the discussion should be confined to that principle.

Mr. SPEAKER: The point of order raised by the hon. member for Winnipeg North Centre (Mr. Knowles) is well taken. As I have already said to the hon. member for York West (Mr. Adamson), his remarks should be confined to the amendment which was made by the senate and is now before the house. That amendment has nothing whatever to do with the remarks that the hon. member is making.

Motion agreed to; amendment read the second time and concurred in.

PENSION ACT

RATES OF PENSION FOR DISABILITY AND DEATH—SALARIES OF PENSION COMMISSIONERS

The house resumed from Tuesday, May 11, consideration in committee of Bill No. 126, to amend the Pension Act—Mr. Gregg—Mr. Golding in the chair.

On section 2—World war II.

Mr. GREGG: May I just correct a statement I made at eleven o'clock last night. As the result of the co-operation of the officers of the house, a draft bill showing all the amendments has been printed and is available at the Clerk's table. I might point out that in this draft there are one or two minor errors which I will indicate as we go along. On the cover the centre part should not be there. The words "as passed by the House of Commons" should be deleted, if they have not been.

Section agreed to.

On section 3—Salaries.

Mr. BROOKS: Would you wait, Mr. Chairman, until we get the bill?

Mr. MUTCH: The amendments begin at clause 6.

Mr. BROOKS: Will the minister let us know when we come to the new amendment?

Mr. GREGG: The new amendments have been placed in their proper order as they should be finally in the act. Consequently clause 2 of the bill before the committee reads, "recorded on medical examination prior to enlistment." It is intended to define that phrase, "recorded on medical examination prior to enlistment". I will ask my colleague the Minister of Public Works (Mr. Fournier) to move the following amendment:

Section two of the said act is further amended by adding thereto, immediately after paragraph (nn) thereof, the following paragraph:

(nnn) "recorded on medical examination prior to enlistment" includes recorded symptoms or findings in,

(i) medical proceedings for enlistment;
(ii) official documentation covering any former period of service;
(iii) the files of the department;
(iv) compensation board or insurance company records;
(v) hospital, private physician or other medical authority,

where such record refers to the injury or disease resulting in the disability in respect of which the application for pension is made;

Mr. FOURNIER (Hull): I so move.

Mr. BROOKS: This definition, I believe, is to clarify 11(1)(c).

Mr. GREGG: That is right.

Mr. BROOKS: The committee recommended of course that "recorded" be struck out of 11(c). However, I do not believe there was great objection to its being retained provided the word is properly defined. We have it defined here and I think we will all agree that medical proceedings for enlistment should be in the definition. As regards (ii), official documentation covering any former period of service, that should be in the definition. No. (iii), the files of the department, is rather indefinite. Possibly the minister could explain what is meant by it. I say that because we have had complaints that sometimes it is found that a soldier in his youth had some illness and later on that is used as a reason for not granting pension. If that is put in his file after his first examination it becomes a part of the file in his appeal against the commission's finding. To No. (iv), compensation board or insurance company records, there is no objection; but when we come to (v), hospital, private physician or other medical authority, one objection which the committee raised to these definitions is that sometimes they are not clear enough and there is misunderstanding.

We all know what a hospital is; there is no misunderstanding there. We know what a private physician is, and again there is no misunderstanding. But as regards "other medical authority", that is an indefinite phrase, and I think it could be left out of the definition. I suggest that we amend the amendment to read, "hospital or private physician". We should strike out the words "or other medical authority", which to my mind are indefinite and would only weaken the definition.

Mr. BENTLEY: While I would not disagree with the hon. member in his proposed amendment I suggest that we should go further and say "hospital or private physician on the files of the department". Merely to say, in (iii), "the files of the department", leaves it too much open to abuse in the future. We know what the attitude of the present commission was before the committee and we have no criticism to offer about the way they try to administer the act. They mean it. But they will not last for ever, and conditions change. I think that (iii) and (v) leave it open to different interpretations by persons occupying positions of responsibility in the administration.

Mr. GREGG: I am satisfied that the doubts expressed by my hon. friends are without any basis. As regards No. (iii), that will be the normal official documents which appear on a man's file, not hearsay or anonymous letters or anything of the sort, and it is what the commission should have. No. (v) is for clarification, and when it is read in the light of the final sentence, "where such record refers to the injury or disease resulting in the disability in respect of which the application for pension is made," I can assure hon. members that the interpretation of those two subsections will be so carried out that the points they have raised will have no effect.

Mr. BROOKS: I would ask the minister to explain to us just what is meant by "medical authority". That is the objection we raised—that it is something not easily defined, and that different interpretations might be put upon it.

Mr. MUTCH: During the deliberations in the committee, and on previous committees, the complaint has often been made that we lacked medical evidence of pre-enlistment conditions. The charge has been made that if the man had to prove that he had not had some pre-enlistment disability it was necessary for him to have expert medical opinion to substantiate what he said. The charge has been leveled against the administration that under certain circumstances hearsay evidence was accepted. For instance, the applicant says, "My mother tells me that when I was fourteen I had typhoid fever or ear-ache at certain ages", and it has been charged that without a definition, of "was recorded", the commission might accept such a statement as recorded evidence, although it had no medical background. I am not a lawyer, but whether or not it succeeds, the intention of these words, "or other medical authority", is to limit the power of the commission in accepting as evidence that which is hearsay. The medical adviser in the committee pointed out to us that this is often the case. The change restricts the commission to such evidence of pre-enlistment disability as is medical evidence. It restricts it further to such medical records as refer to the specific injury or disease for which the pension is being claimed. Whether or not it does it, I should like medical as well as legal opinion; but that is the purpose. It is restricted. It is intended to narrow it down, to eliminate hearsay and to put the commission in the same position the man was in to back up his submission by medical evidence.

Mr. BROOKS: That is the whole difficulty. I do not see why that is not clearly defined when you say "hospital, private or attending physician." How the board can go out and take hearsay evidence, when it defines what recorded evidence is, I do not know. Hearsay evidence is not recorded evidence; and we define recorded evidence here. If a disease or injury is sufficiently serious to be treated in a hospital or by a doctor, I claim it would be serious enough to affect in some measure a man's pension. If it is not serious enough to require the attention of a doctor or hospital treatment, then for the life of me I cannot see why any board of pension commissioners should consider the evidence of any element aside from that. So I really think if we had that read "hospital, private or attending physician," or as the hon. member for Swift Current suggested, it would meet the situation.

Mr. GREGG: It has just been pointed out to me that there is another side to it which would work to the man's advantage. In a case under investigation by a pension advocate, the man may never have been in a hospital; he may never have had a private physician. The advocate may wish to prove that the man was healthy in his youth and up to the time he entered the service; and to get that proof he may require medical evidence from someone who knew that man in his youth. In that case it would work to the benefit of the applicant, and from that point of view I feel the board should have this provision.

Mr. WHITE (Hastings-Peterborough): I am not quite clear on what the minister said a moment ago. Is it intended that these amendments in subsection 2 are to take care of the motion moved in committee that clause 11(c) be struck out?

Mr. GREGG: It is to give that clause a definition, as appears in the amendment.

Mr. WHITE (Hastings-Peterborough): Then is there an amendment in this bill to take out clause 11(c)?

Mr. GREGG: Yes.

Mr. WHITE (Hastings-Peterborough): Where do we find that?

Mr. GREGG: We will come to it in due course.

Mr. KIDD: I should like to add a word to what has been said already in reference to this bill. Already the committee has listened with interest to the remarks of the Minister of Veterans Affairs and other hon. members who have expressed their views. The purpose of this bill is to authorize increases in the basic rates of pension. Certain other minor amendments of an administrative nature are also incorporated. Last evening we concluded the general discussion of the bill, and now we are dealing with section 2, on which I think my remarks will be in order.

It will be noted that section 1 deals with the permanent force, but in all the discussion that has taken place thus far no reference has been made to permanent force cases. I am exercising my prerogative to bring to the attention of the minister one case which has been brought to me within the last few days.

This is the case of a permanent force veteran who served in both world wars; and I mention it because I believe there are many similar cases which should receive attention. The veteran's name is Leonard Tritsch, and his number was P-8964. He is an ex-sergeant of the R.C.H.A. Friends of his brought the case to my attention, and I have taken it up with the minister. This man served in the Royal Garrison Artillery of the imperial army from 1906 to 1919, during which time he had active service in England and France. After world war I, he enlisted in the R.C.H.A. in Canada and served from 1926 until 1939, when he joined the active service and served until his discharge on November 13, 1946, being later assessed as a one hundred per cent disability. On discharge his service pension, after twenty years of service, entitled him to $89.25.

I emphasize the words "service pension." This veteran suffered a stroke on January 18, 1948, and was under the care of the Department of Veterans Affairs until March 11, during which period he received one hundred per cent pay and allowances. He left the hospital totally disabled and is unlikely to recover. Here is a veteran with twenty years of continuous service in the permanent force, yet the pension board has reduced his pension from one hundred per cent to forty per cent. Here is what they ruled in his case, and I quote the exact words:

1. Incurred during permanent force service Canada, not pensionable as it did not arise out of nor was it directly connected with such military service, pre-enlistment to active force service, aggravated two-fifths during that service in Canada. Effective from date of A.F. discharge.
2. Incurred during permanent force service Canada but not pensionable as they did not arise out of nor were they directly connected with such service, pre-enlistment to active force service, not aggravated during that service.

I say the findings in this case are absurd. Here is a man with twenty years of service in the Canadian permanent force and another thirteen years in the imperial army; yet they claim his disability is not directly attributable to that service. As it stands now, if this man died today his pension would cease, since the pension commission has reduced his disability from one hundred per cent to forty per cent, and his widow would be left penniless. That is a point I cannot emphasize too strongly.

In view of this particular case, and to avoid bringing up similar cases, I would recommend to the minister that in all cases dealing with permanent force N.C.O.'s and other ranks for pension purposes, a senior ranking permanent force officer, appointed perhaps by the adjutant general, fully versed in the Pension Act, should be present when the case is considered by the pension commission. I hope the minister sees my point. This man was employed by His Majesty's government for over twenty years. His case was dealt with by the pension commission, and I believe that when a member of the permanent force has his case reviewed by that board there should be some person from the permanent force there to speak on his behalf.

Mr. GREGG: I cannot comment on the particular case the hon. member has mentioned, except to say that the pension commissioners will deal with all applications fairly, irrespective of the service to which the men belonged and no matter for how long they may have served; and I am quite sure they will not need the attendance of a permanent force officer.

I am reminded by the chairman of the commission, on the point we were discussing, that claims have been established on the basis of such flimsy evidence as prescriptions from a drug store. I am told further that it would be restrictive to delete the words "other medical authority." Such a document, I understand, would come within that category, and otherwise might not be received.

Mr. BROOKS: May I ask in this connection if the evidence is based upon the prescription from the drug store? Why would not the authority of the doctor issuing the prescription be of more value than the prescription from the drug store?

Mr. MUTCH: Sometimes the doctor is dead. The prescription is all you have.

Mr. BLAIR: This section of the medical authority could cover the mass of X-ray plates taken in Ontario. I am satisfied with the wording of it.

Amendment agreed to.

Section 2 as amended agreed to.

Sections 3, 4 and 5 agreed to.

On section 6.

Mr. GREGG: This is new.

Mr. FOURNIER (Hull): I move that the following be substituted as section 6:

Paragraph (c) of subsection one of section eleven of the said Act, as enacted by section nine of chapter sixty-two of the statutes of 1946 is repealed and the following substituted therefor:

Pre-enlistment disabilities

"(c) no deduction shall be made from the degree of actual disability of any member of the forces, who has served in a theatre of actual war during world war I or during world war II, on account of any disability or disabling condition which existed in him prior to his period of service in either of the aforesaid wars:

Proviso

Provided that service by a member of the forces in a theatre of actual war may only be counted for the purposes of this paragraph when it has been rendered in the particular war with reference to service in which pension has been awarded:

Proviso

And further provided that no pension shall be paid for a disability or disabling condition which, at the time he became a member of the forces, was obvious or was recorded on medical examination prior to enlistment."

Amendment agreed to.

Section as amended agreed to.

Section 7 agreed to.

On section 8.

Mr. FOURNIER (Hull): I move that the following be accepted in substitution for the present section 8:

Subsections one and two of section twenty-six of the said act, as enacted by section fifteen of chapter twenty-three of the statutes of 1940-41, are repealed and the following substituted therefor:—

[Mr. Gregg.]

Extra allowance for total disability where requiring attendance

"26 (1) A member of the forces who is totally disabled and helpless whether entitled to a pension of class one or a lower class and who is, in addition, in need of attendance, shall be entitled if he is not cared for under the jurisdiction of the Department of Veterans Affairs, to an addition to his pension, subject to review from time to time of an amount in the discretion of the Commission not less than four hundred and eighty dollars per annum and not exceeding fourteen hundred dollars per annum."

Mr. CASE: I am trying to follow the old bill. Were these amendments agreed to in the committee on veterans affairs?

Mr. GREGG: They are exactly as recommended. This simplifies the old section to a great extent. The old one dealt with variations in rank, and this includes all pensioners who are disabled and in need of attendance.

Amendment agreed to.

Section as amended agreed to.

Section 9 agreed to.

On section 10.

Mr. GREGG: This is amended, Mr. Chairman.

Mr. FOURNIER (Hull): I move that the following be substituted as section 10 of the bill:

10. That portion of subsection two of section thirty-two of the said act, as enacted by section twenty of chapter sixty-two of the statutes of 1946, that precedes paragraph (b) thereof is repealed and the following substituted therefor:

"(2) Subject as in this act otherwise provided, the widow of a member of the forces who was at the time of his death in receipt of a pension in any of the classes one to eleven, inclusive, mentioned in schedule A to this act, or who died while on the strength of the department for treatment and but for his death would have been in receipt of pension in one of the said classes, shall be entitled to a pension as if he had died on service whether his death was attributable to his service or not,"

"(a) in the case of service during world war I, if she was married to him prior to the first day of May, 1948; and

(i) the death of her husband has occurred more than one year subsequent to the date of marriage, or

(ii) the death of her husband has occurred less than one year subsequent to the date of marriage and the commission is of the opinion that he had at the date of such marriage a reasonable expectation of surviving for at least one year thereafter;

provided that in awards made to widows married on or after the first day of January, 1930, no payment shall be made hereunder for any period prior to the first day of May, 1944: and provided further that if the marriage took place between the thirtieth day of April, 1944, and the first day of May, 1948, no payment shall be made for any period prior to the first day of May, 1948;"

Mr. BROOKS: My understanding of the effect of the substitution is that in respect of anyone who married after May, 1944, and became a widow, her pension will begin on May 1, 1948?

Mr. GREGG: That is right.

Mr. BROOKS: This was not the recommendation of the committee. It recommended that the date be withdrawn altogether. Why was the date of May 1, 1948, fixed upon?

Mr. GREGG: This has always been the method. But, further than that, the procedure of deleting altogether the deadline had implications which will be obvious to all hon. members. The average age of these men is now 59 years. It has been the intention under the act that the wife of a pensioner, in receipt of her share of the pension, should have been something in the nature of a companion for at least part of the life of the pensioner. It certainly was not the intention at that time, nor do I think it is now, that it should be open to possible abuse in a few cases as the years go on.

Mr. LENNARD: The fact that it might be open to abuse in a few instances is no reason why the other cases should be penalized. I believe that was not the view of the committee. It was moved in committee on May 4 by the hon. member for Fraser Valley, and passed unanimously, that the deadline be removed. This is not the wish of the committee.

Mr. GREGG: But it incorporates the spirit of it.

Mr. LENNARD: By leaving this as it is, many honest cases will be penalized.

Mr. MUTCH: By bringing the date up to May 1 of this year we take care of all the present cases. This is not to deny that from that date forward there might not be other borderline cases creating new problems. But despite our inability to remove the date altogether we have won the concession of taking care of those who at present qualify.

Mr. BENTLEY: The hon. member was correct when he said he did not think this entirely meets the wishes of the committee. Do I understand this provision means that no pension can be retroactive?

Mr. GREGG: A widow married after April 30, 1944, will not be eligible for pension until May 1, 1948. If a man married in the intervening years and children were born, they would become pensionable.

Mr. BENTLEY: But if he had died she would not be able to apply?

Mr. GREGG: Not after this date.

Mr. BENTLEY: The same would apply for the advanced date?

Mr. GREGG: Yes.

Mr. BENTLEY: That question was in my mind yesterday when we were discussing the first section. It seems to me that the hon. member for Wentworth had a point when he said that while this provision may prevent some abuses, it also may prevent some marriages. The second paragraph reads:

(ii) the death of her husband has occurred less than one year subsequent to the date of marriage and the commission is of the opinion that he had at the date of such marriage a reasonable expectation of surviving for at least one year thereafter.

All the safeguards that are necessary are there to take care of any abuses because the commission would be capable of deciding a thing of that kind. If they were not, the section would not be there. I really believe that this part could have been left out and the deadline eliminated.

Amendment agreed to.

Section as amended agreed to.

On section 11.

Mr. GREGG: There is an amendment here which reads:

Paragraph (a) of subsection one of section thirty-two of the said act as enacted by section twenty-two of chapter sixty-two of the statutes of 1946 is repealed and the following substituted therefor:—

"(a) in the case of service during world war I, if she was married to such member of the forces either before he was granted a pension for the injury or disease which has resulted in his death or, if the marriage took place subsequent to the grant of such pension, she shall be entitled to a pension if she was married to him prior to the first day of May, 1948, and

(i) the death of her husband has occurred more than one year subsequent to the date of marriage, or,

(ii) the death of her husband has occurred less than one year subsequent to the date of marriage and the commission is of the opinion that he had, at the date of such marriage, a reasonable expectation of surviving for at least one year thereafter;

provided that in awards made to widows married on or after the first day of January, 1930, no payment shall be made for any period prior to the first day of May, 1944; and provided further that if the marriage took place between the thirtieth day of April, 1944, and the first day of May, 1948, no payment shall be made for any period prior to the first day of May, 1948;"

Mr. BROOKS: That just advances the deadline from 1944 to 1948?

Mr. GREGG: Yes.

Amendment agreed to.

Section as amended agreed to.

Sections 12, 13 and 14 agreed to.

On section 15.

Mr. GREGG: I think the explanation is quite clear, but I should like to mention that the fact that these boards have disappeared, as is here shown in the bill, does not mean than an applicant for pension is deprived of anything. They have been replaced with what we feel are better facilities within the pension commission itself.

I think it is well to state at this stage that we have within the Department of Veterans Affairs a branch which is known as the veterans bureau and which is wholly concerned with the responsibility of advising and otherwise assisting veterans in the prosecution of their claims under the Pension Act. That is done without any cost whatever to the veteran. I cannot speak too highly of the bureau headed by C. B. Topp, who is a veteran of both wars, his advisers here and the advocates throughout the country.

In every section of Canada an applicant has the opportunity, in addition to going to his member of parliament, of getting in touch through the local office with the advocate. Of course he has the right to the assistance of any national veterans association or its branch or secretary, but the fact is that these advocates do act as advocates in the real sense of the word.

In addition to the valuable assistance provided by the representatives of organized veterans and the advice of the select standing committee on veterans affairs, I may say that I have been kept fully informed by the chief pensions advocate on a number of matters relating to the general administration of the Pension Act, and it is my intention thoroughly to explore these details at the earliest opportunity with a view to ensuring that the intentions of parliament in enacting this legislation and these amendments are carried into effect.

I have every confidence that the pensions advocates throughout the country are discharging their responsibilities under the Pension Act in a constructive and competent manner. I do not want to give the idea that either the chairman of the pension commission or the minister does not like to get letters from hon. members, because we do. But I suggest that where a case needs to be carefully studied for a fairly long period of time, and if it is not desired to use a veterans organization, perhaps speedier action might be obtained by making direct contact with the advocate at the regional office.

Mr. CASE: When an appeal is made to the federal appeal board, nothing is done about changing the pension; they simply grant a new hearing?

Mr. GREGG: That is correct.

Section agreed to.

On section 16.

Mr. GREGG: This is a new section which will read:

> Section sixty-three of the said act, as enacted by section thirty of chapter sixty-two of the statutes of 1946, is repealed and the following substituted therefor:—
>
> "63. Notwithstanding anything in this act, on any application for pension the applicant shall be entitled to the benefit of the doubt, which shall mean that it shall not be necessary for him to adduce conclusive proof of his right to the pension applied for, but the body adjudicating on the claim shall draw from all the circumstances of the case, the evidence adduced and medical opinions, all reasonable inferences and presumptions in favour of the applicant."
>
> This section shall come into force on the first day of June, nineteen hundred and forty-eight.

Mr. JACKMAN: Some time ago I had a sad case presented to me, with which the commissioner is quite familiar. It was that of a man who served in the navy. He had diphtheria and was not given proper treatment, and it was alleged that a form of paralysis set in. If one could see this man he would certainly give him every sympathy. His condition was so poor that ladies would get up in street cars to give him their seats. He looked as though a slight breeze would blow him over. The commission was good enough to provide this man with the best medical examination that could be obtained, although he may have had some complaint about certain doctors who were on the board. I think it was the opinion of the commission finally that he was something of a psychopathic case. He had been given a part-time position in one of the government departments but was unable to work steadily at this very easy job, and as a consequence he was not able to keep himself and his boy. That was a very difficult case and the commission agreed that there were at least two sides to it. Would this type of case come under this section and would this man who had obviously certain evidence in his favour be granted a pension?

Mr. GREGG: The board would be very glad to review his case.

Mr. JACKMAN: I do not think there is any complaint about the number of boards the man has had. I think the commission was very fair in granting him the panel of doctors he had; also they had one of the foremost psychopathic doctors in Montreal pass on his case, although he was a constituent of mine. He had all the physical evidence of being in dire need; there was strong medical evidence from eminent practitioners that his condition was due to this paralysis, and he could not get a pension, although a great deal of work was done on the case. I went to the hearing with the pension advocate in Toronto, and the evidence was all taken there. Does this section simply mean that the man will be entitled to a re-boarding, or on the evidence that the department already has, inasmuch as there is apparently some doubt, will he be granted a pension?

Mr. GREGG: It would be difficult to make a statement offhand, but the chairman of the commission will be very glad to review the whole case in the light of these amendments.

Mr. JACKMAN: What is the effect of the provision as to coming into force on June 1, 1948? Will it apply to new cases coming up or to old cases?

Mr. GREGG: This was a definite recommendation made by the veterans committee with a view to strengthening the hands of the board in determining the benefit of the doubt. The effect of its coming into force at this particular time means that they may start with that interpretation as from that date.

Mr. JACKMAN: In other words, the evidence must be brought anew; is that it?

Mr. GREGG: No, not necessarily. They may review old cases in the light of this, without the necessity of the claimant coming forward.

Section agreed to.

On section 17.

Mr. GREGG: This a new section 67. It is the same as the old section, except that in paragraph (a) "1944" is changed to "1948", and a subclause (2) is added to provide that this section shall come into force on the first day of May, 1948.

Mr. BROOKS: This new section has to do with the change of the date. The committee felt that this clause was more important than the others so far as the change of date was concerned. It deprives a child, for instance, born after May, 1948, of any additional pension, and the committee felt that such a child should be treated the same as the other children in the family. If a man happens to lose his wife and remarries and has a child by his second wife, there is no logic in saying that the children born to the second wife after May, 1948, should not have the same treatment as the children born prior to that date.

Mr. GREGG: This is the same principle that was in the act formerly. I am confident that it improves the benefits greatly. It protects the children of any marriage before this date.

Mr. BROOKS: But not after that date?

Mr. GREGG: No.

Section agreed to.

On section 18—Schedules A and B.

Mr. GREGG: Section 18 is new and related to it are the schedules. I will read the new section:

(1) Schedules A and B to the said act, as amended by sections thirty-one of chapter thirty-eight of the statutes of 1928 and by twenty-three of chapter twenty-three of the statutes of 1941, are repealed and Schedules A and B to this act are respectively substituted therefor.

(2) Section six of this act—

Here is the correction I mentioned earlier. That should read "Section eight" and there should be inserted after the word "and" the words "subsection one of" so that it will read:

(2) Section eight of this act and subsection one of this section shall be deemed to have come into force on the first day of October, nineteen hundred and forty-seven, except that the percentage of disability figures appearing immediately below the class designations 1 to 20 shall come into force on the first day of June nineteen hundred and forty-eight.

(3) An increase in pension paid to any person by virtue of this section in respect of any period prior to the day on which this act receives royal assent shall not be included

(a) as income for the purposes of the War Veterans' Allowance Act, 1946;

(b) as a pension payment for dependents for the purposes of subsection three of section ten of the veterans rehabilitation order; or

(c) as a pension award or an amount received by way of pension for the purposes of the regulations respecting treatment made under the Department of Veterans Affairs Act.

Those last items in the new classes perhaps require a word of explanation. This amendment provides that no overpayment to veterans under other veterans legislation will result from the increase of pension paid under the new rates in respect of any period prior to the enactment of the bill. It is to guard against a man who is getting the war veterans allowance and a pension being overpaid.

While on my feet I want to say a word or two on a few of the points raised yesterday. I do not propose in any sense to cover the

addresses that were then made in the house. I acknowledge gladly the compliments that were paid here and there to my officials, the chairman of the commission, and to the chairman and the work of the parliamentary committee, with which I agree heartily. On the other hand I rather felt a desire yesterday to retire to the fine amity of the committee rather than to listen to some of the discussion. Within the last five weeks I have had the privilege of visiting veterans groups and organizations in one or two large centres and in smaller centres throughout Canada, and there I obtained a much cheerier impression of the attitude of veterans than from some of the blue-ruin remarks yesterday.

I should like to mention just one or two points in particular. The hon. member for Qu'Appelle referred to pensioners and their children under conditions that were worse than those of extremely poorly-paid members of the community. Our present rate as shown in this bill, combined with the thing which has nothing to do with me, the side issue of family allowances, will definitely make it unnecessary for pensioners with large families to have serious difficulties, unless there are unusual circumstances.

Then an implication was left by the hon. member for Hastings-Peterborough with regard to those whom he called "shattered fragments" who visited us here and visited the committee, and who impressed us all. Most of them were men with 100 per cent disability and were helpless in the sense that they required to have attendants to help them. The implication was left, I thought—and if I am wrong, I am glad—that these men would receive at the best only $94, which is now in the bill. That is not right. Such a man, even if he were single, who is in receipt of helplessness allowance under this bill will receive $1,128 on his 100 per cent pension, $1,400 if he is totally helpless, or a total of $2,528. If he should be married, that amount will be $2,900; and if he should have a large family of four children, it would be $3,596.

Statements relating to the cost of living were made by a number of speakers. Those I admit right away. I admit the point that was made in committee with regard to the rise in the living standard as compared with that in the early days of the old veteran in the 1920's. The young people who have come from this war have entered upon a new living standard which the old-timers knew nothing about. I admit the high wages of unskilled labour and of all labour. I also admit that it is difficult to find living accommodation and that living is overly expensive where some of our pensioners are perforce living—and by desire—in the large cities of Canada. But against that picture, black as it was sometimes painted yesterday, I should like to place a few facts that have not been mentioned in this house. I should like to mention them in all fairness to our objective in this bill, namely, to raise the morale of the pensioner and to give him a more adequate living.

All pensions are exempt from income tax. That has not always been true but it is true at the present time. You may ask how income tax will affect the pensioner. I will refer to that later on, because we have many pensioners paying income tax. There is free medical treatment for pensioners with hospital allowance, with the provision of free appliances if they need them because of their disabilities. There is a stability of basic income through the ups and downs of our economic picture into the future, at least as far as we can see it today. I am far happier about this bill based upon an increase in basic rates than I would be, I was going to say, about almost any other. But at least I would hate to see the increase entirely based upon something that was tied solidly to the cost of living index. These are men who want to know as nearly as they can what this backlog of income will be this year, next year and the year after, and to be able to govern themselves accordingly. The stability factor is, to my mind, a valuable one. We are now at the peak height. Eight years from now we know not where that point will be, but this award will, I hope, not fall below this level for a great many years.

There is a disability preference in the civil service which places the pensioner not only above the ordinary applicants but above the other veterans. There is something else which is not so obvious. It is not covered by law. There is a growing preference within industry for the pensioned man. It came about through a new understanding and a new sympathy on the part of industry, if you like. Then it was clinched by the fact that it was found that normally the pensioned man, in the specific role which applied to him, often does a better job than the fit man would, which seems unbelievable, but has been demonstrated.

Pensioners are subsidized through the workman's compensation acts of the provinces by virtue of the fact that when a pensioner in industry is hurt, we pay the costs. There is, therefore, a reasonable security, and I consider this rather important. I have here somewhere what it would mean in dollars and cents on an annuity basis, but I will not quote from it. I will just state the simple fact that the

pensioner has a reasonable security for his dependents without cost to himself. He has security by way of provision for his widow where the disability is 50 per cent or over, and also on the matter of employment, which is related to that point of income tax.

Following some of the discussion yesterday, and speaking of the seriously disabled men who were pensioned, particularly those in the helplessness group, men who have worked hard during the years to get back their independence, to reassure themselves that they can be producers and citizens in the full sense, I feel that we ought always to watch how we can encourage them. Within the department, we have a 100 per cent pensioner who would qualify for helplessness allowance; he is director of our casualty rehabilitation section. He is an inspiration to the men with whom he is working. This is a section about which we do not send out much publicity. It is one about which we do not talk a great deal, and that is done deliberately. He advises me that the men like himself do not want to be held up for pity. They do not want their great disabilities to be over-emphasized. They like to have unostentatious assistance and perhaps the best assistance comes when they know not how it comes. This technique which he has developed within his section of the department is something that was, to me, a surprising factor in its success.

I should like to add that the director of prosthetic services is himself a total disability pensioner, having lost both legs and one eye. Throughout the work that is being carried out by men comparable with those I have mentioned, in the 75 per cent to 100 per cent pension group, and in the whole of the helplessness allowance group, we have only approximately six per cent who are not either under treatment or under training for rehabilitation or who have not employment. There are only about six per cent who are not employed or under appropriate treatment or training. To my mind that is an outstanding achievement, and when the estimates of my department are brought into the house, if I were called upon to delete from them the amount necessary to continue that rehabilitation work, I would feel much sorrier about cutting it out than I am at not being able to increase pensions by 33⅓ per cent. I thought I would mention that.

With respect to what has been said, I have just been handed by the chairman of the committee an item in today's *Evening Citizen* of Ottawa, appearing under the heading:

Legion approves 25 per cent boost in vets' pensions

Approval of the 25 per cent increase in pensions for veterans now before the House of Commons was expressed by Major General C. B. Price, dominion president of the Canadian Legion.

The legion head in a statement said:

"All branches of the legion will be gratified by the recent announcement by the Minister of Veterans Affairs in the House of Commons, that the recommendations of the parliamentary committee respecting amendments to the pension bill are being accepted.

"This is a very satisfactory culmination of two years of effort by the legion to bring pension rates into line with present day conditions —no revision having been made since 1925.

Non-Partisan

"Ever since 1919 parliament has dealt with veterans' affairs on a non-partisan basis, and we particularly appreciate the effective work accomplished by the parliamentary committee and the splendid contributions to the results made by all parties represented in the House of Commons.

"It is also gratifying that the government has accepted the unanimous recommendation of the committee for a twenty-five per cent increase for all beneficiaries under the Pension Act and also the recommendation for an almost 100 per cent increase in helplessness allowances."

Mr. WHITE (Hastings-Peterborough): I wish to say just a word in regard to what the minister said with reference to certain remarks I made last night and to ask him if it is not true that there are pensioners with 100 per cent disability who do not receive the helplessness allowance.

Mr. GREGG: Oh, yes.

Mr. WHITE (Hastings-Peterborough): It was to these men that I was referring when I spoke of them as shattered fragments to whom the government, of which the minister is a member, denies an increase of 33⅓ per cent. I was not trying to be critical of the minister, but I must say it is rather late for him or his government to attempt to take any credit for this increase of 25 per cent which has been so grudgingly approved. The minister has given in only because he has been forced by public opinion across the country, and no one knows it better than the veterans.

I would refer to what the minister said a moment ago when he was speaking about the comparison between an annuity and the pension. I understood him to say something to this effect, that the veteran without cost to himself has protection for himself and his wife. I disagree with that remark entirely. The veteran has paid a great price for that security which he is getting by way of pension, and the minister is entirely wrong in saying that the veteran who is receiving a pension, or whose widow will receive a pension after he dies, gets that without cost to himself. That man paid a very high price in pain and suffering, in his disability, and also in the

shortening of his life expectancy. Last night, speaking in the debate, I asked the minister whether or not the pension commission would reconsider all cases in which a ruling had been made regarding the term "wilfully and deliberately concealed". I notice in the amendment in clause 18 it is stated that section 6 of the act will come into force on the first day of October, 1947.

Will the minister say whether or not that means that the pension commission will review all cases where a decision has been given with respect to that term?

Mr. GREGG: The commission will have cases under review on many matters from time to time, and if a review is desired for any special point and application is received, they will immediately review the case.

Mr. WHITE (Hastings-Peterborough): That is not good enough.

Mr. GREGG: May I say that the pension commission have close to 200,000 pensioners on their list. It would be impossible for them to start today to review all those in the light of any amendment in the bill which is now before us.

Mr. WHITE (Hastings-Peterborough): The minister is missing my point. This amendment comes into effect on the first day of October, 1947, and my interpretation of that would be that the pension commission could not review any case and give effect to this amendment. They have already given their decision, and it is up to the minister to direct the commission to review all cases where a decision has been rendered on the term "wilfully and deliberately concealed".

Mr. GREGG: The date stated there does not necessarily mean that, as a result of the review of any pension decision, the new rate would come into effect at that time.

The DEPUTY CHAIRMAN: I think we had better deal with clause 18. Shall the amendment carry?

Mr. GILLIS: I wish to say something, and what I have to say was provoked by the minister himself. I was quite satisfied to sit here and allow clause 18 to go through, but he made one statement that is not true in the end of the country from which I come. He said that there was growing sympathy in industry for the man who was pensioned, and that more and more men were being absorbed into the industries of Canada. That may be true across the rest of the country,

[Mr. White (Hastings-Peterborough).]

but it certainly is not true in the basic industries of Nova Scotia. The reverse is in fact the truth.

I have argued in this house for many years that, in any section of the country, where the pensioner who may be 10 per cent disabled from a medical point of view seeks employment, if there is nothing but heavy industry in that section of the country, for employment purposes that man is 100 per cent disabled, and that is more pronounced today than ever. Almost all the unemployed in my particular area are veterans of this war; and the steel and coal companies, and I believe every heavy industry across the country, have adopted the practice of having men medically examined before they are employed. One of the first things the ex-service man is confronted with when he seeks employment is the fact that he is five, ten, fifteen or twenty per cent disabled, and they are not hiring anyone who is not 100 per cent fit. That is the policy followed by the steel and coal company in Nova Scotia and I believe it is pretty general throughout the country. In addition, they have closed down completely on hiring anyone who is over forty years of age.

If the minister has been led to believe that the statement he just made is applicable to all industry across this country, I cannot sit here without saying to him that I know this is a burning question all through Nova Scotia, where there are hundreds of men with disabilities of five, ten, fifteen or twenty per cent who cannot get work. It is true there, as it is in the northern part of Ontario, that before you can get employment you have to pass a medical examination and be 100 per cent fit; and to all intents and purposes, as far as employment is concerned, these men might as well be 100 per cent disabled.

Several times in this house I have suggested that the Department of Veterans Affairs and the Department of Labour will have to get together on this question and see if some scheme cannot be worked out with the industrialists of this country. I know the minister has placement officers who are seeking special employment for men in the higher disability categories; but they are having no success in Nova Scotia. There is no special place to put them. To get work in any of our basic industries in this country you have to be fit; and the employer is not taking pensioners. That small pension militates against a man getting a job.

My only reason for rising is that I have argued this matter so often. I receive letters every day from men in that position, and I

just want to correct the impression the minister may have given, that the industrialists of this country have become big-hearted and willing to take on these small pensioners. The reverse is true. If you have a pension you are unfit, and you are not wanted. That is the attitude.

Mr. GREGG: We shall have to co-operate to do something about Cape Breton, but I have checked with the deputy minister, who knows more about the veterans rehabilitation phase of the matter than any other man in Canada. He assures me that my statement is perfectly true, that across Canada as a whole there has been a growing willingness on the part of industry to take pensioners for the jobs appropriate for them.

Mr. CASE: In view of the minister's statement a moment ago, I thought I should say now what I have to say. I was not a member of the veterans affairs committee, but in the main I think they did a fine job. Before that committee was called I made an appeal on behalf of a certain group of people who, in my opinion, made a tremendous contribution to the winning of the war. Looking over the schedules and following the bill clause by clause, I fail to see that they have been recognized in any way.

I refer to the merchant marine, who made such a tremendous contribution during the war. Many of them suffered real hardship, and have had great difficulty in rehabilitating themselves. They have been unable to carry on with their normal employment, and are no longer able to go to sea. I have in mind a man in my home town who was on two ships which were torpedoed at sea, each time losing all his belongings; and all he received in compensation was a fixed sum of money in respect of what had been lost with the ship. If those men have been provided for in this bill I should like to know where to find that provision. If they have not I should like to know the attitude of the government and the department with respect to these men of the merchant marine who took their cargoes through, even as far as Murmansk.

Mr. GREGG: I believe at future meetings of the parliamentary committee representations will be made in behalf of these men. In the meantime I can tell my hon. friend that members of the merchant marine who were injured through enemy action are pensionable now under the Civilian War Pensions and Allowances Act, which is separate from the Pension Act proper.

Mr. BROOKS: I do not wish to detain the committee for any length of time. I was quite prepared to let section 18 go through without further comment on my part, but I do not altogether agree with the statement made by the minister just a few moments ago. I agree that security for the veterans and their dependents is our first objective as far as this bill is concerned, but I do not agree that this 25 per cent increase gives that security. I still contend that the increase should have been 33⅓ per cent, and I base that on the situation in 1925.

At that time the pension committee decided that $75 a month represented security for the totally disabled veteran and his dependents. In view of the cost of living in 1925, in view of the wage rates at that time, and the standard of living, I contend that $75 then was infinitely better than the $94 proposed at the present time, and I believe the department might very well have increased it to $100. We are going to give them $94, and I am sure another $6 would have satisfied both the veterans and the people across Canada.

The chairman of the committee says, "Carried". I do not think that attitude will help at all as far as his committee work is concerned, and I suggest that it would be more becoming if he would just keep quiet while I am addressing the Chair.

Mr. MUTCH: On a question of privilege, if the hon. gentleman is referring to me I may tell him I did not hear the first part of his remarks. I was talking to my colleague, and I do not know what it is all about. Would he repeat what he said?

Mr. BROOKS: I heard you say "Carried".

Mr. ROSS (Souris): Don't be always butting in.

Mr. MUTCH: I was not butting in. If I offended you in any way, I apologize, but I was not even listening; I was speaking to my colleague.

Mr. BROOKS: As I was saying, Mr. Chairman, to my mind the $75 paid in 1925 represented much greater security than the $94 which is to be paid now. A few moments ago the chairman of the committee handed the minister a clipping to the effect that the Canadian Legion approved this increase. There may be a few here in Ottawa who were instrumental in having that article published in the Ottawa newspapers, but I venture to say there are thousands of men belonging to the legion right across Canada who do not approve, so I would advise the minister not to depend too much upon that clipping.

The minister also said he wished to raise the morale of the pensioners. We all wish to do that, but I believe their morale would have been raised to a higher level if they had been given the $100 to which they were entitled. The minister speaks of other benefits which have nothing whatever to do with this Pension Act. He mentions free medical attention. These men have received free medical attention ever since the first world war, and that has absolutely nothing to do with the benefits under this act. The minister speaks of hospital appliances. Of course they receive such appliances, and have been receiving them. What sort of department would we consider this to be if it did not provide the proper appliance for a man who lost a leg overseas?

Mr. GREGG: If my hon. friend will allow me to comment on that, I was attempting, as he has been in his addresses, to take a man in unskilled civil labour and compare his total benefits with those of the civilian receiving a 100 per cent pension. I was pointing out that the pension was augmented by other things provided by the country, which the civilian did not get. That was my only point.

Mr. BROOKS: We all know that, Mr. Chairman. The minister spoke of the preference in the civil service. We all know the veteran is supposed to get a preference, but I know of many cases where that preference has not been carried out as well as it should have been. These things are all very well, but I contend that they have nothing to do with the basic rate of pension for soldiers as set out in this bill. I repeat that all the evidence produced in this house goes to show that an increase of 25 per cent is not enough, and that it should be at least 33⅓ per cent.

Mr. BENTLEY: I believe, like some others, I would have allowed this to go through without further comment. However, the minister provoked me somewhat, as he did others; and I do not say that I blame him. He had a perfect right to make his reply; but he said one or two things which I cannot permit to pass unchallenged.

He mentioned that organized labour generally does not agree with the idea of having wages tied to a cost of living bonus. I believe that is what he said, or it is at least the implication of what he said.

Mr. GREGG: I made no mention of organized labour. I said I did not like the principle of the sliding scale for pensions.

[Mr. Brooks.]

Mr. BENTLEY: Even if the minister does not like it, I would point out that it is the purpose of a pension act to compensate people for disabilities they have suffered in the service of their country, and to give them something as near as possible to the average of the standard of living of the Canadian people.

That average changes rapidly these days, in terms of dollars and cents, and fairly rapidly in terms of consumable goods and services. While I supported the motion to increase the amount by 33⅓ per cent, when the matter was before the committee, I still feel that a cost of living bonus on top of the floor amount would be better. If 33⅓ per cent was the proper amount of increase—and it was considered the proper amount by many people across the country who have given the matter serious thought—and if $100 a month was the amount necessary to meet the cost of living at that time, at an index of 150·8, we may take it as axiomatic that the 150·8 cost of living index equals $100 a month, the amount considered sufficient for a single person to provide that type of living which we should be prepared to provide for those who have been hurt in our service.

This being so, I felt, and still feel, that by granting an increase of 25 per cent, to strike a figure below which a pension could never drop—and that would be $94 a month—it would equal a cost of living index of 144. So you would have $1 for each point in the cost of living, which would bring it to $100 a month at that time. It has since gone up a point, so it would require to be $101 a month now.

The point I make is that $94 a month will not likely ever again be more than sufficient to provide a bare existence. I do not know whether we shall have a depression. Some say we shall, and others say we shall not. I think so too—whichever way you wish to take it. I do not know, nor does anyone else. There is good reason to suppose, however, that there might be an increase in the cost of living when the Marshall plan goes into effect, and when the Minister of Finance really gets down to business and gives effect to this 25 per cent.

All those things can happen. So far as I can see, however—and many agree with me—there would not seem to be a time within the conceivable future when $94 a month would be too much. Therefore, by taking a base of $94, and never allowing it to go below that figure; and by taking the cost of living bonus on top of that we would, I believe, give the veteran a reasonable assurance that he would have something above a mere existence all the way through.

The matter of wage increases has been mentioned. Perhaps they are a good guide. In committee we had a plethora of charts and tables prepared by experts. These were a good guide. But the actual fact is that we are trying to compensate people who have been hurt. We are not trying to pay people for a production job they are doing now. They have done their production job and have suffered in the process; and it is my view that they should have a definite assurance that they will never again have to suffer physically because of their living conditions if the country can prevent it.

I believe, therefore, that from now until we meet again the government should give consideration to this idea and bring in something along these lines which will give the assurance I have indicated. I feel strongly about the cost of living bonus and always will.

Mr. HERRIDGE: How long does the minister expect it will be before the cheques are issued after the bill receives assent? Would it be possible to have extra copies of the bill printed? It is of such interest that I am sure many people throughout the country would like to have a copy of it.

Mr. GREGG: I believe we can hope to have the cheques covering the increase from October 1 to the end of May in the mail early in June, and the cheques at the end of June reflecting the new monthly increase.

On the second point, we shall, of course, have these corrections made and the bill reprinted as amended, and passed on to the other place.

Mr. LENNARD: I am getting a bit tired of this back-slapping which seems to be the vogue in Ottawa. The government compliments the legion and then the legion compliments the government. It is becoming a continual round of pleasure, so far as those two bodies are concerned.

I am a past president of the legion and a member of it today. But I have always been opposed to its being subsidized by the government of the day. I am not criticizing this government particularly for that, because the legion has been subsidized for years. It is quite against my idea, however, of the way in which a veteran body should be run, if it is to represent properly the veterans of this country. I am opposed to it, and I shall voice that opinion on several other occasions before this session is completed.

Section agreed to.

Schedules A and B agreed to.

Bill reported, read the third time and passed.

HARBOUR COMMISSIONS

NORTH FRASER—SUBSTITUTION OF CITY OF VANCOUVER FOR MUNICIPALITIES OF SOUTH VANCOUVER AND POINT GREY

Hon. LIONEL CHEVRIER (Minister of Transport) moved the second reading of Bill No. 208, to amend the North Fraser Harbour Commissioners Act.

He said: Mr. Speaker, by 3-4 George V, chapter 162, there was incorporated the North Fraser Harbour Commissioners. One amendment has been made to that act, and this bill proposes to make another one of a non-contentious variety. It is brought about in this manner. In 1929 the municipalities of South Vancouver and Point Grey were united with the city of Vancouver. The purpose of the bill is to substitute the city of Vancouver for the municipalities of South Vancouver and Point Grey and thereby remove the anomaly now existing.

Mr. MacNICOL: What is the anomaly?

Mr. CHEVRIER: The anomaly is that the two municipalities have been incorporated within the city of Vancouver, and it is proposed to change the names of South Vancouver and Point Grey to the municipality of the city of Vancouver. It is a simple amendment.

The commission consists of three commissioners, two of whom are appointed by the governor in council and one by resolution passed by the four municipalities. If this bill carries there will be but two municipalities. A request for this amendment was made by the city of Vancouver in 1942 but was not carried out because of the war. Since then, letters have been received from the clerks of the municipalities of Burnaby and Richmond and the corporation council of the city of Vancouver and from solicitors for the North Fraser harbour commissioners, approving the proposed amendments. The changes made by the other sections of the bill are necessary in order to make similar substitutions.

Motion agreed to, bill read the second time, considered in committee, read the third time and passed.

NATIONAL HOUSING

AMENDMENT WITH RESPECT TO POWERS OF APPROVED LENDING INSTITUTIONS, ETC.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply) moved the second reading of Bill No. 280, to amend the National Housing Act, 1944.

Mr. NICHOLSON: Is the minister making a statement?

Mr. HOWE: No.

Mr. H. W. TIMMINS (Parkdale): Mr. Speaker, seeing that the minister is declining to say anything further with respect to this bill—

Mr. HOWE: I did not decline; I just said nothing.

Mr. TIMMINS: I thought I understood the minister to say in answer to my hon. friend that he did not have anything to say at this time. I will sit down if the minister—

Mr. HOWE: I did not decline; no one asked me to say anything.

Mr. TIMMINS: There is not a great deal more that we can say on this bill in addition to what was said on the resolution. We in this party are not prepared to accept this amendment to the National Housing Act as being an effective remedy to the housing crisis in Canada. I want to say a few words with respect to it.

This is an expedient along the pathway of housing in Canada; but, as we have said before, it is only one item in this field of trial and error that the government has started on. The main and probably only real feature of the bill is the element of rental insurance, but I would point out that that feature covers a narrow field. The minister has said it is intended to cover only the moderate rental field; in other words, rentals around the level of $80 a month or less. The areas in which the housing may be built are restricted and no project will be considered unless it covers eight or more family housing units. The type of building, the size and type of rooms and so on are all subject to restriction and control by Central Mortgage and Housing Corporation.

It cannot be said that this bill meets in any way the need for veterans housing, because we cannot expect that veterans will be in position to pay $80 a month or thereabouts. In so far as housing and the primary responsibility of the government are concerned, this bill does not touch the problem at all.

In October last year the minister stated that some 12,000 wartime housing units would be provided throughout the country. A great deal of interest was taken in the minister's statement, but it turns out that, of that number, only some 3,500 have been proceeded with by Wartime Housing, while about 5,200 are under negotiation. Earlier this year a statement was given out by the Department of Trade and Commerce that negotiations had been commenced with some seventy-nine municipalities which goes to show the interest there is in the country in veterans housing.

There are small and large communities among those seventy-nine. There are small places like Aylmer and Barrie and cities like Belleville; there are places like Bowmanville and so on. Brockville wanted 100 houses, Burlington wanted twenty-five and Chesley wanted fifty. The fact of the matter is that these municipalities have problems of their own. Taxation is a problem with them, because they can go only so far with respect to the money they can spend on housing. So we come back to the same old problem we have discussed before, that this matter requires the co-operation of the three levels of government in order that Wartime Housing, which is now being taken over by Central Mortgage and Housing Corporation may succeed. Right now it would seem that the government is at an impasse in respect of veterans housing, and Bill No. 280 will not, in my opinion, solve the problem in any way, shape or form, so that some other means will have to be looked to.

The bill provides that lending institutions may lend up to 85 per cent of the value of the project, and in this bill lending institutions are being asked for the first time to provide the funds alone, not in co-operation or jointly with His Majesty. The fact of the matter is that the minister has so little faith in the bill himself that there is a clause in it that if the lending institutions do not come forward with the money, Central Mortgage and Housing may provide the funds.

There has been a good deal of criticism in the papers lately by lending institutions of government policies in respect of housing. I remember being at probably the first meeting that was held by the lending institutions, five or six years ago, to discuss their responsibilities with regard to housing. At that particular time they were saying to themselves: There is some responsibility on us, too, in this housing field, and we must accept some share of that responsibility. After a period of some two or three years, Housing Enterprises, in which they were all interested, was the result. That, of course, was not a success and they withdrew from the field. Now they are saying to the government: We do not like the manner in which you are carrying on these housing projects; we do not like the small down payments that are being allowed in respect of houses built under N.H.A. and Integrated Housing. Mr. R. H. Reid, president of Dominion Mortgage and Investment Associa-

tion had some highly critical things to say about the housing program of this government, but I shall not take time to quote his remarks. The fact of the matter is that the lending institutions are not taking very much interest in lending money under these government housing projects, and I think we can take it that not much help can be expected from them under this new project of rental insurance. So the matter is right back on the doorstep of the government, and Central Mortgage and Housing will probably have to carry on alone the lending of money under this project. It will have to bear the full weight of it, if it is to succeed. Under the only other project which the government brought forward by an amendment to the National Housing Act last year, only 574 units were built.

I do not wish to deal with the sections of the bill on the second reading except to make reference to section 3, which provides for loans to limited dividend housing companies. That is dealt with only in a cursory sort of way, but it is a section of the act which I think should receive careful study. We find that the government of Ontario have been quite prepared to assist the municipalities in financing the re-development of certain sections of cities and towns, and they have put up a considerable amount of money for that purpose. That is a most important factor in the housing situation today, and it brings me to the question of slum clearance.

I am all in favour of this government taking some part in slum clearance in towns and municipalities. I am all in favour of this government taking a more active interest in respect of limited dividend companies which have been mooted but for some reason have not been proceeded with. What we are all waiting for in respect of these projects is some leadership from the government. We all admit that emergency housing is something that must go, and if we are to do away with emergency housing we must have something else to take its place. I do not think rental insurance can take its place at all.

This year we have an estimated surplus of $800,000,000. Why cannot we appropriate $50,000,000 or $100,000,000 of that surplus and do something with respect to the housing problem? We talk about public investment; and the minister will tell us that some day, at the appropriate time, he is going to use some of this government money for public investment. But under our financial system, if you have a surplus in 1947 and do not use it, that is the end of the surplus; it is gone for all time to come. We must find some way of appropriating some portion of those funds to carry on housing projects not only this year but next year and in the years to come.

There is one ray of hope in respect of housing. I was in Hamilton looking at some houses a few weeks ago, and I saw there just as nice a little bungalow as one could ever see, a whole row of them, erected for veterans by builders in the city of Hamilton on land that had been provided by the city. They cost $4,800 and the veteran could carry that house for $23 a month. There is not much likely to happen to a veteran who can get a house like that at that price and carry it for $23 a month. Not far away in the same city I saw another small house built on a fifty-foot lot, and of good depth. It was a five room house, with every convenience and appointment that a house could have, and was selling for $5,600. In that case also the city of Hamilton provided the land free to the veteran. That house could be carried for something like $35 a month. It is a house that any member of this House of Commons would be glad to live in.

That only goes to show what can be done with a little bit of co-operation. The city of Hamilton has co-operated with the builders and has provided the land and certain municipal services, and the veterans in Hamilton are getting the benefit of that co-operation. We find, when we get down to the root of the matter, that the reason why these houses could be built more cheaply in Hamilton was that there was competition in the trades. When a builder wanted a plumber there was not only one plumber to call on, but three or four plumbers were willing to put in a tender, and so prices in Hamilton have been kept down. The same methods could be followed in other parts of this country.

In conclusion, Mr. Speaker, I say that this bill, in my opinion, will not provide as it should for the veterans; and if it does not, it is up to the government to bring down further amendments to the act which will work in the interests of the veteran. I say that this bill will not provide anything more than a very few housing units in 1948, probably one hundred to two hundred units, and that is not good enough.

Mr. A. M. NICHOLSON (Mackenzie): I think it was significant, Mr. Speaker, that the minister who is piloting this legislation through the house did not take advantage of the usual opportunity to make some comments in connection with the bill. I might mention that

my deskmate, the hon. member for Winnipeg North Centre (Mr. Knowles), speaking on May 6, as reported at page 3695 of *Hansard* said this:

> Coming as I do from a city where the housing problem is a serious one, I felt that I should be taking part in this debate; but when I consider the seriousness of the housing problem and the complete failure of the government to give leadership, the emptiness of this legislation is so apparent that so far as I am concerned, it is not worth talking about.

I gather that the hon. member who has just taken his seat feels pretty much as the hon. member for Winnipeg North Centre does about the legislation. But the housing situation is so critical that I think some of us must say something about it, and offer our protest that the minister has not seen fit to act on the suggestions made when the resolution was before us and bring in a bill that offered some greater hope to the people of Canada.

The other day I mentioned that I should like some additional information with regard to the operations of Housing Enterprises Limited. I must thank the president of Central Mortgage and Housing Corporation for having sent me such complete information on such short notice. The information I have confirms my opinion that houses of the type built by Housing Enterprises Limited can be financed by an extremely small section of the Canadian people. As was mentioned by the minister the other day, the average cost will be slightly over $8,000 per unit. Although the return gives the total as $26,326,420, and mentions that the final cost will possibly vary one per cent up or down, most builders these days find that the final costs are certainly higher than the estimated costs. I gather, therefore, that the final cost would be over $8,000 per unit.

I understand that a new formula is being used by Central Mortgage and Housing Corporation in determining rents. I have the rents that are being charged in the different cities, and they are low, considering the investment. I am sure that no private builders anywhere in Canada will build structures of this type and rent them at these rentals. I will not take the time to discuss all the units, but I should like to compare a few of them with the information that was disclosed at the time of the last census in 1941.

In Vancouver there are two projects. In "A" there were 136 units, built at a cost of $6,566. The rents run at $43, $45, $53, and $55. I find that, when the last census was taken, the average value of owned homes in the city of Vancouver was $3,090. The Vancouver people were strong on mortgages, as were people in all parts of the country. Forty-one per cent of the homes had mortgages averaging $1,650 each. The monthly rent paid by the people in Vancouver in 1941 was $26. There is a fairly wide variation between the average of $26 which was paid in 1941 and the amounts that are being charged here.

The other project in Vancouver is not quite so expensive. The 213 units were built at an average cost of $5,550, but still the rents are high. They are $45, $50, $52.50 and so on up to $65. I might mention in passing that, although there is quite a wide variation in the costs of the houses built by Housing Enterprises Limited in the various cities of Canada, there does not seem to be a wide variation in the rentals.

I now come to Victoria. Costs are higher there. There were 104 units built, at an average cost of $8,675. The rents range from $45 to $60. The two-bedroom units rent at $45 and $46.50. At the time of the 1941 census the average value of owned homes in Victoria was $3,200. Only 24 per cent of the owners were the proud possessors of mortgages. The average mortgage was $1,232, and the monthly average rent was $23. I am sorry I have not the file—

Mr. HOWE: May I ask a question of the hon. member?

Mr. NICHOLSON: Yes.

Mr. HOWE: Is the hon. member not comparing fully serviced houses—that is, serviced with heat, light and other services—with unserviced houses?

Mr. NICHOLSON: Even if that is taken into account, there is still a wide variation.

Mr. HOWE: It is just as well to mention it, is it not?

Mr. NICHOLSON: Yes. I mentioned the average monthly rent. I am glad the minister has brought this to my attention. But even if that is taken into account, there is still a wide difference. If the average rental of unfurnished houses in Victoria was only $23 in 1941, it would be difficult for the people in those brackets to step up to rents ranging from $45 to $60.

In Saskatoon the average cost for fifty units was $7,448. In 1941 the average value of the owned houses was $2,610. There were 27 per cent with mortgages averaging $1,261. The average rent was $23 a month.

Calgary had 104 units costing an average of $7,709. In 1941 the average value of owned

homes there was $3,391. Only 27 per cent had mortgages averaging $1,380. The average monthly rental was $27.

Housing costs were higher in Edmonton. In that city 106 units were built, at an average cost of $8,398. The average value of owned homes in Edmonton in 1941 was $2,879. Twenty-one per cent had mortgages averaging $989. The average monthly rent was $26.

Coming to London, Ontario, we find the costs are away up. For 186 units the average cost was $8,467. In 1941 the average value of the owned homes was $3,550. Of these 41 per cent had mortgages averaging $1,588. The average monthly rent was $29.

Hamilton, Ontario, had 116 units built by Housing Enterprises, costing an average of $6,826, with rents ranging from $42 to $55. The average value of owned homes in Hamilton in 1941 was $3,898, with 56 per cent of the people owning mortgages averaging $1,890. The average rent was $27 a month.

In Kitchener, Ontario, the average cost of 114 units was $7,577. The rents ranged from $42 to $57. In 1941 the average value of owned homes was $4,257, with 63 per cent having mortgages averaging $1,899. The monthly average rent was $27.

Brantford had fifty-four units built at an average cost of $7,889. The average value of the owned homes in 1941 was $3,627. The percentage with mortgages was 43·6; the average mortgage was $1,443. The monthly average rent was $23.

In Toronto the costs are the highest in Canada. There were two projects. One was Danforth court, where thirty-three units were built, at an average cost of $10,527. Then in Greenwood court, thirty-seven units were built, at an average cost of $10,637. The average value of owned homes in Toronto in 1941 was $4,684; the percentage with mortgages 59·5; the average mortgage, $2,323; the monthly average rent, $35.

In Montreal, taking the Villeray terrace, there are 150 houses, the cost being $5,856; and there are the Benny Farm Gardens, $8,827. I am not familiar with either of these projects, but there is quite a wide variation in costs, running from $5,856, with rentals at from $40 to $45, and $8,827, with rentals at from $62.50 to $89. In 1941 the average value of owned homes was $3,937 and the monthly average rent was $26. The average mortgage on mortgaged homes was $2,191.

In Three Rivers there were fifty-seven houses, the value being $9,065, with rents running from $44 to $57. In 1941 the average value of owned homes was $3,062, 43 per cent with mortgages, the average mortgage on mortgaged homes being $1,521, and the average rent being $22 a month.

In Saint John there were 106 units averaging $7,517, the average value of owned homes in 1941 being $2,415, and the percentage of homes with mortgage 26·2. The average mortgage on mortgaged homes was $995, and the average monthly rent $22.

I submit, Mr. Speaker, that the first responsibility of the government should not be to provide housing accommodation for people in the higher income brackets, people who can pay higher rents, people who would have found some means of securing living accommodation even if the Canadian people had not spent $26,000,000 on housing.

When I was discussing the resolution in committee the other day the minister asked me where I had got my information to support my contention that there was a very small percentage of the Canadian people who could pay rents of this sort. At that time I did not have the "National Accounts Income and Expenditure, 1938-1945," but I have it with me now. It is published under the authority of the Minister of Trade and Commerce. These figures are for 1942, but I checked this morning to see whether there was not more up-to-date information. The minister may tell me that the incomes are higher than they were in 1942, but it is not my fault that I have not the figures.

Mr. HOWE: It is not your fault that they are higher, but it is your fault for using 1942 information.

Mr. NICHOLSON: I used the latest statistics the bureau could supply.

Mr. HOWE: Why not use 1942 costs, then?

Mr. NICHOLSON: I have been using the costs brought down by the president of Central Mortgage and Housing Corporation on those houses completed.

Mr. HOWE: Mr. Speaker, may I interject. My hon. friend has been deliberately comparing rentals of unheated, single dwellings with rentals of fully heated and fully serviced apartments. He might as well compare the cost of a piano with the cost of a sewing machine. The two are wholly unrelated. Now he is going to give the incomes of 1942 and relate them to building costs in 1948. He can do that if he likes;

but if he thinks he is deceiving anyone, certainly he will not deceive anyone in this house.

Mr. NICHOLSON: The minister will have a chance to close the debate. But making allowances for differences, and if you make allowance for heat and other services, you still find a wide variation between what is paid in different cities.

Mr. HOWE: You will notice that I called attention to the fact that one group were heated and the others were not. It was not my hon. friend who did that.

Mr. NICHOLSON: But even making allowances for the fact that incomes have gone up since 1942, you still find from the statistics that there is only a small percentage of the Canadian people in receipt of incomes that would warrant the payment of the sort of rents that have to be paid. On page 35 of the "National Accounts Income and Expenditure," giving the distribution of income recipients by income classes in Canada, 1942, twenty per cent of the married men in Canada in that year were getting less than $1,000 a year. There were fifty per cent getting less than $2,000 a year. There were only three per cent of the married men who were getting over $5,000. Even if there are twice as many now who are getting over $5,000, you still have only six per cent of the people getting over $5,000 a year; and with such a large number in these low-income brackets, what the minister should be bringing in now is a plan to provide large-scale low-rental houses, so that the people who are living in these slum areas might look forward, in one or two or five years, to moving out of such slums and into modern fireproofed houses.

I have argued before, from the point of view of the people as a whole, that it would be cheaper to demolish the slums and provide low-rental housing, subsidized, in a good environment, than to maintain prisons, the high cost of fire protection necessitated by the present conditions, the high cost of hospital care, and so forth. Mr. Speaker, I move the adjournment of the debate.

Mr. HOWE: Before that motion is carried, Mr. Speaker, I wish to call the attention of hon. members to the fact that His Excellency the Governor General has been informed of the subject matter of the bill and recommends it to the house and gives his consent to its consideration by the house.

Mr. SPEAKER: Mr. Nicholson moves that the debate be adjourned. Is it the pleasure of the house to adopt the motion?

Motion agreed to and debate adjourned.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow the house will take second reading of Bill No. 282, to amend the Prairie Farm Rehabilitation Act, then second reading of Bill No. 221, to provide for the winding up of the Penny Bank of Ontario and the repeal of the Penny Bank Act, then second reading of Bill No. 248, to provide for carrying into effect treaties between Canada and Italy, Roumania, Hungary and Finland. If we conclude that, we shall take up estimates of the Department of Agriculture and, if we complete those, we shall proceed with the estimates of Transport.

At six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, May 13, 1948

The house met at three o'clock.

PRIVILEGE

THE PRIME MINISTER—REFERENCE TO VOTE ON FIRST READING OF BILL, MAY 12

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, hon. members will recall that yesterday a bill was introduced by the hon. member for Winnipeg North Centre (Mr. Knowles). When Mr. Speaker proceeded to read it a first time objection was taken. A vote followed, and it was decided that the bill should be read a first time. In my view that was all to the good. I notice however that some of the press are misinterpreting the nature of the vote. I have before me, for example, one newspaper which says: "PM"—I presume that refers to myself—"votes for no secrecy in income tax." I did not do anything of the kind. I voted for the first reading of a bill, to which I think an hon. member is entitled, unless there is something particularly obnoxious to the house in his bill. I cannot imagine anything that would help to do more to destroy the hon. member's bill than to have it read so that the house might know what it contains.

I wish to have it clearly understood that my vote was given simply on the basis of the right of a member to have his bill read the first time. The decision as to the principle would come up on the motion for second reading. However that motion has not yet been made —and I doubt if it will be made at any time this session. What I have said as to my vote applies I think equally as to the votes of many others given at the time.

BIRTHDAY GREETINGS

MR. ROWE—EXPRESSIONS OF CONGRATULATION

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, on April 20, when there was a celebration in honour of the Prime Minister (Mr. Mackenzie King), I suggested we should celebrate the birthdays of all members of parliament. Today is the birthday of one of our colleagues who, although he does not belong to my party, is the only privy councillor left in the House of Commons from the Bennett regime. He is a most likeable man, and he has achieved the rare distinction of being the only person who has spiritual authority over the chief opposition whip, his son-in-law. I refer of course to the hon. member for Dufferin-Simcoe (Mr. Rowe). This does not mean that I subscribe to all the policies the hon. member advocates; but I do congratulate him, offer him my best wishes, and express the hope that on the next occasion of a birthday anniversary one of our colleagues will offer the good wishes of the whole House of Commons.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to join with the hon. member for Temiscouata (Mr. Pouliot) in extending warm congratulations to the hon. member for Dufferin-Simcoe. The hon. member, in point of service in the house, is one of the oldest members. He has taken a most faithful and prominent part in the discharge of his duties here as well as having been a long time in public life. Those of us who have associated with him in parliament over the years will be the first to wish him continued health, strength and happiness for many years to come. This wish I am sure will be shared by all hon. members.

Hon. W. EARL ROWE (Dufferin-Simcoe): Mr. Speaker, while this is somewhat unusual, nevertheless it is appreciated. I should like particularly to thank the Prime Minister (Mr. Mackenzie King) and the hon. member for Temiscouata (Mr. Pouliot), both of whom have served many years in the house. It is a source of great pleasure to me to have been associated with them, and I can assure them I have always had the most kindly personal feelings toward them. May I reciprocate by offering them my good wishes and expressing the hope that they may celebrate many more birthdays—and that in that event many more of us may be here on this side to congratulate them.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SUBSIDIES ON IMPORTED COAL

Mr. ISNOR:

Is any subsidy now in effect and being paid on coal imported from the United States of America (a) anthracite; (b) bituminous; (c) coke?

Mr. BELZILE: In so far as the wartime prices and trade board is concerned:

By Commodity Prices Stabilization Corporation Limited—none.

REGISTRY HOG TESTING STATION—EDMONTON

Mr. ASHBY:

1. Has the government or any department thereof purchased a property in or near the city of Edmonton, Alberta, to replace the advanced registry hog testing station which was burned down in Edmonton last March?
2. If so, by whom was this property formerly owned?
3. For what purpose was this property formerly used?
4. What price was paid for this property?

Mr. McCUBBIN:

1. The Department of Agriculture has had under consideration the possibility of purchasing a property, but no purchase has been made.

2, 3 and 4. Answered by No. 1.

MERCHANT NAVY—PENSIONS

Mr. MOORE:

1. How many widows of those who served with the merchant navy are drawing pension?
2. How many dependents other than widows are involved?

Mr. GREGG: Awards made under the Civilian War Pensions and Allowances Act to March 31, 1948:

1. 173.
2. 455.

UNEMPLOYMENT INSURANCE—QUEBEC

Mr. BERTRAND (Terrebonne):

What was the amount of unemployment insurance benefits paid in the province of Quebec during 1945, 1946 and 1947?

Mr. COTE (Verdun): The amount of unemployment insurance benefits paid in the province of Quebec from April 1, 1945, to March 31, 1948, by fiscal years, is: 1945-46, $13,371,-141.60; 1946-47, $14,554,400.20; 1947-48, $10,-605,824.57.

CANADIAN ARMED FORCES—ENLISTMENTS

Mr. CASTLEDEN:

How many recruits were enlisted for each branch of the Canadian armed forces during 1947 from each of the provinces?

Mr. LAPOINTE:

	Navy		Army		Air Force		
Province	Officers	Men	Officers	Men	Officers	Men	Total
Prince Edward Island	1	10	2	29	..	26	68
Nova Scotia	11	79	10	413	1	88	602
New Brunswick	5	34	12	209	..	41	301
Quebec	19	80	44	917	6	117	1,183
Ontario	92	305	115	1,901	19	382	2,814
Manitoba	9	64	11	466	5	86	641
Saskatchewan	13	73	9	334	14	121	564
Alberta	18	76	15	423	5	111	648
British Columbia	37	91	20	386	3	62	599
Abroad, including U.S.A....	13	3	8	34	1	8	67
Total	218	815	246	5,112	54	1,042	7,487

UNEMPLOYMENT INSURANCE—TERREBONNE, QUE.

Mr. BERTRAND (Terrebonne):

What was the amount of unemployment insurance benefits paid by the unemployment insurance commission offices, in the county of Terrebonne, during 1945, 1946 and 1947?

Mr. COTE (Verdun): The amount of benefits paid in the county of Terrebonne is not available as this county is serviced through the local office at Ste. Therese, Que.* Benefits paid through Ste. Therese from April 1, 1945 to March 31, 1948, by fiscal years are as follows: 1945-46, $82,945.87; 1946-47, $102,849.70; 1947-48, $108,854.08.

*These figures are for the areas serviced through St. Therese local office, comprising:

Ile Jesus—Town of Ste. Rose.

L'Assomption—Towns of La Plaine, Laurentides, Mascouche, St. Henri de Mascouche, St. Lin and Sault St. Lin.

Terrebonne—Part south of Mascouche river (but not including that portion of St. Janvier parish south of the river), plus municipality of Ste. Anne des Plaines which is north of the Mascouche river.

Two Mountains—Part south of C.P.R. line excepting parish of St. Hermas.

WAR PENSIONS—QUEBEC

Mr. BERTRAND (Terrebonne):

What was the total amount of pensions paid to veterans of world war I and world war II, in the province of Quebec, during 1945, 1946 and 1947?

Mr. GREGG:

Disability and Death Awards

World War I

Annual Liability		
At March 31, 1945..	$2,700,000	approximately
At March 31, 1946 ..	2,700,000	approximately
At March 31, 1947 ..	2,700,000	approximately
At December 31, 1947	2,700,000	approximately

World War II

Annual Liability		
At March 31, 1945..	$1,500,000	approximately
At March 31, 1946..	2,500,000	approximately
At March 31, 1947..	3,700,000	approximately
At December 31, 1947	4,100,000	approximately

BUSINESS OF THE HOUSE

INTERIM SUPPLY

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Although there was no formal announcement at the close of the session last night it was understood, I believe, by the leaders of the different parties that the first order of business today would be interim supply. If I am right in that, I assume the Minister of Finance will be allowed precedence with his measure.

Mr. JOHN BRACKEN (Leader of the Opposition): There will be no objection from this side of the house to the minister proceeding.

OLEOMARGARINE

PRESS REPORTS AS TO IMPORTATION INTO CANADA

On the orders of the day:

Mr. CLARENCE GILLIS (Cape Breton South): I should like to address a question to the Minister of National Revenue, arising out of press dispatches to the effect that margarine has been brought into this country despite the ban. I have received inquiries asking if certain sections of the public are immune from the law in this respect. In view of the publicity this matter has received I think some official statement is necessary, and I should like to know if the minister intends to make a statement clarifying these press dispatches.

Hon. J. J. McCANN (Minister of National Revenue): Mr. Speaker, this is the first time this matter has been brought officially to my attention, and consideration will be given to the question asked by the hon. gentleman.

INDIAN AFFAIRS

QUESTION AS TO MEETING OF SPECIAL JOINT COMMITTEE

On the orders of the day:

Mr. WILLIAM BRYCE (Selkirk): I should like to direct a question to the Acting Minister of Mines and Resources. As the committee on Indian affairs has had to suspend sittings for lack of a committee room, will the minister intercede on behalf of the committee so that this important work may be completed for presentation to the house this session?

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): The hon. member for Selkirk was good enough to send me notice of his intention to ask this question. I made inquiries and I am informed that there is no problem about space.

Mr. BRYCE: May I ask the minister if it is the election in Ontario that is hindering the proceedings?

INTERIM SUPPLY

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee of supply.

Motion agreed to, and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. ABBOTT moved:

Resolved, that a sum not exceeding $89,567,384.33, being one-twelfth of the amount of each of the several items to be voted, as set forth in the main estimates for the fiscal year ending 31st March, 1949, laid before the House of Commons at the present session of parliament, and in addition thereto the sum of $17,982,745.67, being one-sixth of the amount of items 43, 151, 154, 155, 447, 541 and 542 of the said estimates be granted to His Majesty on account for the fiscal year ending 31st March, 1949.

Mr. BRACKEN: I thought the Minister of Finance would make a brief statement with respect to this matter.

Mr. ABBOTT: In the proposed resolution, provision is being made for an additional one-twelfth of the main estimates, and an additional one-sixth of certain special items which provide for services coming up for payment within the early part of this year. These additional items are item 43 in the agriculture estimates covering freight assistance on western feed grains; items 151, 154 and 155, which relate to the Senate and the

House of Commons, where, as hon. members will appreciate, the greater part of the expense has to be met early in the year; item 447 of the estimates of trade and commerce, which cover exhibitions, and where an additional amount is required at an early day for the expenses of the international trade fair which is being held in Toronto from May 31 to June 12; items 541 and 542, for estimated additional requirements in the Department of Veterans Affairs to cover increases in pensions and war veterans allowances which have either been adopted by the house or are now under consideration.

The form of the bill which will be founded upon this resolution is exactly the same as the bill which has been presented in previous years. Of course the passage of the bill will not prejudice the rights and privileges of hon. members to discuss any item in the estimates which will come up for consideration from time to time during the remainder of the session. I give the usual undertaking that such rights and privileges will be respected and not curtailed and restricted in any way as a result of the passing of this measure.

Mr. BRACKEN: Mr. Chairman, the matter before us is spoken of as interim supply. Interim supply means the granting of huge sums of money to the government for its purposes, practically without debate. The minister is now asking that one-twelfth of the total amount of this year's estimates be voted without debate. Prior to this one-sixth of the total amount was passed under a similar motion. When this measure passes one-quarter of the total supply will have been voted without debate. The reason why this motion comes before us is that we are now in the early part of a new financial year and the government has financial obligations, salaries to pay and other expenses to meet. The government finds itself without money and has to ask for a measure of this kind, to be passed practically without debate.

There is no question that the house will grant requests of this kind when they are made under similar circumstances. I rose simply to say that this practice, which is not a wise one, arises from the fact that the budget is not brought down early enough.

Mr. ABBOTT: It has nothing to do with the budget.

Mr. BRACKEN: That is the moral of my remarks. An opportunity is not given to deal with all these matters and to pass the budget, and so we are asked for these interim amounts. As I said, one-sixth has been voted already, and another one-twelfth is being asked for, making one-quarter of the whole. The only point I wish to make is that the budget, including the estimates, should be considered earlier in the session.

Mr. ABBOTT: I think the remarks of my hon. friend call for a brief comment. Obviously, of course, the date on which the budget is brought down has nothing to do with the date on which supply is voted. The budget simply outlines the means by which the taxes will be raised to provide for the expenses of government, and that is a completely separate function from the voting of supply by the committee of supply.

There is nothing new in voting interim supply, as my hon. friend has indicated; but each year when it is asked for I listen to a repetition of this statement, that it is improper to vote large sums like this without debate. I want to point out to the country what is well known, of course, to the house, that the estimates, which indicate the sums of money which parliament will be asked to provide for the public service of the financial year, are prepared early in the year. They were tabled this year in good time—in the month of February, I think—and have been before hon. members ever since that time. They are discussed, it is true, and formally voted in committee of supply; but my experience has been that the discussion in committee of supply rarely relates to the item under discussion and never suggests that an item be reduced. I have been here some little time and I recall no case in which the opposition has suggested that an item of proposed expenditure be reduced. The house and the country have been aware for months of the government's estimates of the amounts required to maintain the services of the country for the year. The practice of voting interim supply—one-sixth or one-twelfth of the estimates, as the case may be—is not for the purposes of the government as a government, but to carry on the essential services of the country.

I am not taking exception to what my hon. friend has said, but the date on which the budget is brought down has nothing whatever to do with the date on which the house may or may not be able to discuss the items of supply. Let me add that consideration of the estimates by the committee of supply has been unavoidably but inevitably delayed by the necessity of considering other measures such as emergency exchange conservation and the like. I must, however, take exception to any suggestion that the government has delayed the consideration of supply by not bringing down the budget.

Mr. CHURCH: Mr. Chairman, this is the eighty-third day of the session and we have had little or no opportunity yet of discussing the main estimates. While it is true that the minister must have money to run the services of the country, I would point out that businessmen and retail merchants and others have been looking for retrenchment in government expenditures. Practically all we are doing now in committee of supply is holding a post mortem after the money is spent. That is no way to conduct the business of the country. The government is spending money like water. I can see no sign of retrenchment in the main estimates or the supplementaries. We are being asked to vote large sums of money for bonuses, subventions and subsidies for the prairie provinces, and the other provinces do not get anything. There are many items here for interim supply, one for $80,000,000, another for $17,000,000, and so on. These expenditures, under this method of conducting the business of the country, really mean expenditures and taxation without representation. The house is abdicating its functions to the executive. It is a dangerous principle. The expenditures for civil government in the days of Sir Wilfrid Laurier amounted in 1897 to $36,000,000, and the population of the country has increased by only one-third or one-quarter since; but the civil estimates now are nearly two billions.

There should be some better way of conducting public business. The municipalities would be bankrupt if they did business in this way. The auditor general should have wider powers to deal with some of these expenditures. The Minister of Finance may take this humorously, but it is no laughing matter for the working classes I represent. Government extravagance and lack of retrenchment, added to the high cost of living, are becoming scandalous, and the public will not stand for it. We should have some redress of grievances before we are asked to vote any further interim supply on this eighty-third day of the session.

Mr. ROSS (Souris): I do not rise to object to passing interim supply but rather to take exception to the minister's statement that nobody has ever moved to reduce an item of supply.

Mr. ABBOTT: I said that I had never heard it done.

Mr. ROSS (Souris): The minister was sitting in the house in the session of 1946 when we were discussing the administration of the Department of Veterans Affairs and my colleague the hon. member for Lake Centre moved that a certain item be reduced to one dollar. Despite the fact that the minister never explained what the item was for, the government supporters trooped in and we were voted down.

Mr. ABBOTT: Did not my hon. friend suggest that the agriculture estimates ought to be $80,000,000 instead of $40,000,000?

Mr. ROSS (Souris): Certainly I did, and I gave reasons why.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Macdonald (Brantford City) in the chair.

Mr. ABBOTT moved:

Resolved, that a sum not exceeding $89,567,384.33, being one-twelfth of the amount of each of the several items to be voted, as set forth in the main estimates for the fiscal year ending 31st March, 1949, laid before the House of Commons at the present session of parliament, and in addition thereto the sum of $17,982,745.67, being one-sixth of the amount of items 43, 151, 154, 155, 447, 541 and 542 of the said estimates be granted to His Majesty on account for the fiscal year ending 31st March, 1949.

Mr. GRAYDON: I do not want the minister to say that the question I am about to raise is one which should be dealt with by the rules committee, of which I am a member; so I anticipate and protect myself beforehand. Has the government given serious consideration this session or in previous sessions to the whole question of dealing with the estimates of the various departments in a much more efficient way? Time after time, in session after session, members on both sides of the house have contended that our system of dealing with the estimates would not commend itself to any business handling even a fraction of the amount that this house is asked to vote from year to year. This is a matter that rests with the government rather than with other parties or with private members, because it would have to be a matter of government policy before any other system could be brought before the rules committee or before parliament.

The estimates of the Department of External Affairs are the only ones, outside of the railway estimates, that are dealt with in

detail by committees before they are dealt with by the house. If the minister has carefully scrutinized the work of these committees he must have found that they have done a reasonably good job in investigating the details of the expenditures of money by the departments concerned.

Suggestions have been made from time to time. One was that the various committees of the house might have referred to them at each session the estimates of the department whose activities are closely related to the kind of work that they are supposed to do. On the other hand, it has been suggested that a committee on estimates ought to be set up in the house which would deal with the question of estimates generally. That would be different from the public accounts committee, which, as I understand it, considers the auditor general's report. On every ground it would be distinctly different from the ordinary committees. I am not here to advocate one scheme or plan as against another, but I do advocate a change in a system which must have worked all right when we had a few million dollars to vote year after year but is not satisfactory now. We have the same machinery and we are doing the same thing in parliament that we did when I first came here twelve years ago—and twelve years is a short time compared with the length of time that some other hon. members on both sides of the house have been here. We are spending at least five times as much as we did when I first came here, and passing appropriations of five times as much money as we did at that time. Surely the situation calls for some reform.

The minister and the government might give serious consideration to this matter, because I think they will find on all sides a strong feeling of approval of some change. People who are in business, people who are used to handling large sums of money and seeing that it is properly spent, must find this kind of arrangement antiquated, to say the least, and certainly not always productive of the best kind of audit and examination of our public expenditures. I ask the minister if he will consider the suggestion. Having brought it to his attention I think I have at least discharged part of my duty in connection with a serious matter.

Mr. ABBOTT: The hon. member for Peel has raised an interesting and important question, one to which, speaking for myself, I have given a good deal of consideration. It is not easy, though, to find what would be an acceptable alternative method of dealing with estimates. I am told that in the British parliament they do not give the detailed consideration to estimates that we do in our house; that the estimates of the service departments are always considered in some detail, and several days are set aside for that purpose, but that the estimates of almost every department are simply passed en bloc. No opportunity is given for detailed consideration. Each year certain departments are selected and the estimates are discussed in some detail. That is one method. As hon. members will appreciate, it is not always the estimate which provides for the largest amount that provokes the greatest discussion. An estimate of an expenditure of $10,000 or $15,000 may promote more discussion and arouse more interest among members than one which involves $50,000,000 or $60,000,000. Therefore one cannot take the size of the estimate as a test of the amount of time that should be given to its discussion. The impression I have got from members is that in respect to various departments—fisheries, agriculture, trade and commerce, or whatever it may be—where special interest lies, they feel that they want an opportunity in the house to discuss these estimates and get information from the minister. I have not been given the impression that members would be satisfied to have these estimates considered and passed by a small committee.

Mr. GRAYDON: Opportunity for discussion in the house is still guaranteed to them.

Mr. ABBOTT: Yes, and I do not think it would save much time to refer them to a committee. I simply mention that to point out some of the difficulties with which I know all hon. members are familiar. All I can say is that I have not yet been able to think of a solution which would be generally acceptable. Perhaps that inspiration may come to me later.

Mr. MACDONNELL (Muskoka-Ontario): The minister has referred—no doubt correctly—to the substantial difference in practice which prevails in the British house. Has he fully considered what I understand to be the very different procedure which they adopt before the estimates are finally brought down to the house? I think he will agree it is different, and perhaps he knows more about the actual difference than I do. I suggest that is well worthy of consideration from our point of view.

Mr. ABBOTT: It is not greatly different. Of course these estimates receive long, detailed and painstaking consideration by treasury board. May I say that my opening gambit to each member who came into treasury board with these estimates was: "The only savings that will be made in expenditures this year will

be made in this room". I was referring to my office in the east block, where we were holding the meeting. I said: "There will not be any savings made when these estimates are being considered by the house, because in my experience that is not the place where reductions of expenditures are made. Any savings on public expenditures will be made right inside this room." I simply mention this to show that that is where the estimates of expenditures receive detailed and painstaking consideration. I may be mistaken, but so far as I am aware our method does not differ substantially from that under which estimates of expenditures are prepared in Great Britain. The estimates are prepared by the departments. They are submitted to the treasury, and then are settled by the treasury, and by the government finally, before being presented to parliament. That is the procedure which is followed here.

Mr. KNOWLES: May I point out that one of the provisions of the proposed bill is to provide an additional one-sixth of certain items, namely, items 43, 151, 154, 155, 447, 541 and 542. I should like to say a word or two about items 154 and 155, which relate to the House of Commons itself.

The Minister of Finance has already indicated that because of the heavy sessional expenses of the House of Commons it is necessary for him to ask for a little more interim money for these items than for the others. A motion is before the House of Commons calling for the approval of certain salary increases. I am not going to discuss that at this time; I might be out of order if I did; at any rate I approve that motion and therefore I do not need to discuss it. But I do wish to point out that the increases proposed do not cover all the employees of the House of Commons, as was promised to us on March 24. I hope that in the additional increases which were suggested yesterday by the Secretary of State consideration will be given to some of our House of Commons employees who are not now covered.

My reasons for speaking about this matter at this time are these. First, if one does not get a word in on the matter before final decision is made, it is too late when the motion is before us. Furthermore, the Minister of Finance is a member of treasury board, but, as I understand it, the Secretary of State is not, and the only matter before us on his motion—

Mr. ABBOTT: These increases do not relate to treasury board.

The CHAIRMAN: Order. Probably I should call the attention of the committee to the fact that we are now in committee of ways and means. These items have been before the committee of supply and have been passed by that committee. This resolution is to the effect that the sums referred to therein be granted out of the consolidated revenue fund of Canada. I hardly think that the discussion thus far in this committee has been strictly in order.

Mr. KNOWLES: Are we not in committee of ways and means on the bill?

Mr. ABBOTT: No.

The CHAIRMAN: Probably the hon. member was not in the house at the time, but we are now in committee of ways and means on the resolution.

Mr. KNOWLES: In a few moments a bill will be introduced based on this resolution. I shall carry on then.

The CHAIRMAN: Shall the resolution carry?

Mr. ADAMSON: I have one question about the proposed setting up of committees to consider the estimates. Some time ago a motion was made in the house that we adopt the British practice of sending the defence estimates to a defence committee. I know we have not set up a defence committee here, but the defence estimates are some of the largest and most important spending items. Has any progress been made in this regard at cabinet level?

Mr. ABBOTT: So far as I am aware, no further consideration has been given the question of referring the defence estimates to a special committee.

Mr. CHURCH: I would object to any proposal to send these estimates to a committee. This is the eighty-third day of the session and it would be just a whitewashing committee.

Resolution reported, read the second time and concurred in. Mr. Abbott thereupon moved for leave to introduce Bill No. 299, for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1949.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

Sections 1 and 2 agreed to.

On section 3—$17,982,745.67 granted for 1948-49.

Mr. KNOWLES: If I may continue with the remarks I began a few moments ago—I believe I am in order, inasmuch as we are on clause 3, which refers to the schedule attached to the bill and to the items in connection with which the minister is asking for an additional amount to the extent of one-sixth of those items, including the amounts asked on behalf of the House of Commons. What I have to say can be put briefly. It is to this effect. So far as I can find out, there have yet been provided no increases for any of the mechanics around the building, or for the ordinary messengers. When I say ordinary messengers I distinguish them from confidential messengers, for whom I understand there have been increases. I am led to believe also that there have been no increases for the cleaners in this building, though I am told, unless there has been a change in the last few days, that the men cleaners on the senate side get fifty cents a day more than the men who clean our side of this building.

Mr. McILRAITH: You are quite out of date in your remarks.

Mr. KNOWLES: Am I? Then I shall be glad to be corrected.

Mr. McILRAITH: You are quite out of date. They got their increases.

Mr. KNOWLES: The men cleaners?

Mr. McILRAITH: I think so. You spoke of the messengers.

Mr. KNOWLES: Stand up and put it on the record. I should be glad to hear it if it is so, but it certainly is not the information communicated to me.

I would point out also that there have been no increases for the House of Commons stenographers, nor have there been for the amanuenses on the third floor who put into typescript our words which the *Hansard* reporters take down on the floor of the house. I am interested in the remark interjected by the hon. member for Ottawa West (Mr. McIlraith). I hope that what he says is true, that there have been increases for those to whom I have referred; but if so they do not know it. I repeat, however, that when the matter was before the house on March 24 we were told that all employees of the House of Commons were being considered, and that as a result of that consideration all our employees would be satisfied. That has not yet been done, and I hope that further consideration will be given to the matter by the financial authorities.

[Mr. Church.]

Mr. McILRAITH: I do not propose to discuss the other matter which is before the house, and which is on the order paper, with respect to the establishment and increases.

Mr. KNOWLES: We are all in favour of that.

Mr. McILRAITH: Without going into that question, leaving it aside at the moment, I would point out that the hon. member for Winnipeg North Centre (Mr. Knowles) is somewhat in error about the staff that does not come under the civil service commission, and their increases. They did get their increases, as I understand it. I am speaking about the men, the messengers and the cleaners.

Mr. KNOWLES: Does the hon. member know when it was done, or can he find out?

Mr. McILRAITH: First the messengers got theirs.

Mr. KNOWLES: All messengers, or just the confidential messengers?

Mr. McILRAITH: All the messengers, as I understand it. I had not expected that this was coming up or I would have had the information more accurately.

Mr. GRAYDON: You have been busy with the voters' list, anyway.

Mr. McILRAITH: I am quite sure they got their increases.

Mr. KNOWLES: I hope you are right.

Mr. POULIOT: I do not wish to assume any credit for what the government tries to do for the staff of the House of Commons, but the government should be congratulated on having taken the matter into serious consideration and having submitted to us a list of the proposed increases. They are not complete; they are supposed to be completed and adjusted. I wish however to pay a special tribute to the two members representing Ottawa for the care they are taking not only of the employees of the House of Commons but of the whole staff in the civil service in the city of Ottawa. I refer especially to the hon. member for Ottawa West, the very able assistant to the Minister of Reconstruction and Supply and Trade and Commerce.

I have been dealing with the hon. member for many years and I have always admired his patience and his devotion to his electors.

No one knows what it is to be a member representing the city of Ottawa, with long lines of people waiting to be heard, having a good word for each of them, and ready to help anyone. That is what has been done by the two members representing the city of Ottawa, especially by the hon. member for Ottawa West. I bow to the hon. member and assure him of my sincere admiration for his understanding of the problems of civil servants. The hon. member deserves every praise; and he should have some other reward than that of being parliamentary assistant to a cabinet minister. I do not know how on earth a member of parliament can represent one of the constituencies in the city of Ottawa and at the same time fulfil his duties as parliamentary assistant to a cabinet minister. It is beyond me. I cannot understand it.

For a time I had my office near that of a former member, who is now Mr. Justice Chevrier. At that time he represented one of the Ottawa ridings. He could not go out of his office without meeting forty or fifty people who were waiting for him, and when those forty or fifty had gone they were replaced by another forty or fifty. He never complained about it; he was always pleasant to all.

Is it not admirable? I have the greatest admiration for the hon. gentleman and I take this opportunity to say so. I say it with the utmost pleasure. I consider it is my duty to say it, because at times I have business to do with the hon. member for Ottawa West. I have to call at his office.

Mr. LOCKHART: Will the hon. member permit a question?

Mr. POULIOT: Yes.

Mr. LOCKHART: Doesn't that apply to all hon. members from this area?

Mr. POULIOT: I have shown today that I appreciate the work of my colleagues, and I am proud to be one of theirs. On the other hand, outside of the hon. gentleman I have mentioned, there is no one of us who is at the same time a member for one of the Ottawa constituencies and parliamentary assistant to a cabinet minister who is responsible for a department which has so much to do with everything. Therefore I am not minimizing the work of my other colleagues, for whom I have respect and admiration, when I say that the position of the hon. member for Ottawa West is unique and he deserves all our admiration.

Mr. ISNOR: I wish to add a word or two to the remarks made by the hon. member for Peel. I feel, as do a great many others—and I refer not only to members of this house but to the public in general—that sufficient time is not given to the consideration of the estimates. If we could spread out consideration of the various items, it would do much to foster greater confidence in our democratic system of government. We rush through, in the short time of just a few minutes, estimates dealing with hundreds of millions of dollars. If I sit down and no one else speaks, it will mean that we shall have passed this huge amount in a matter of ten minutes. The suggestion made by the hon. member for Peel is worthy of serious thought. Of course he is not the only one who in the past has made that suggestion. I think the government would be well advised to consider a method by which greater consideration could be given to the estimates.

That was not my purpose in rising, however, Mr. Chairman; it was rather to deal particularly with item 154, which covers the sessional stenographers. We shall be appointing, I believe, an additional number of permanent members to the stenographic staff; and they will be receiving employment the year around, with a stated yearly salary. I have no objection to the additional number who will be appointed or to any salary which might be set for their employment. But I do say that the sessional stenographers are not receiving sufficient pay; and I say that from a business standpoint. They are brought to Ottawa and are kept here for a period of six months. They pay their own transportation to and from Ottawa. They are paid at the rate of $5 a day. A few years ago they started out at $4, and they were given an increase; after a certain period of employment they were given $1 extra, thus bringing the pay up to $5. So far as I know, that is the rate at which they are paid today.

Mr. KNOWLES: Will the hon. member permit an interjection?

Mr. ISNOR: Yes.

Mr. KNOWLES: I wholly agree with him that the pay should be higher. But just in order to have the record straight, may I say that the amount is now $5.90 a day. I agree with the hon. member that it should be higher, in view of the fact that it is not year-round employment.

Mr. ISNOR: Yes, that is quite true. The point I am making is that they are only part-time employees.

Mr. KNOWLES: That is right.

Mr. ISNOR: I think it is recognized today by practically every employer of labour that a part-time man is entitled to a higher rate than that which is paid to a permanent employee. For that reason, although I do not wish to press the matter, I thought it was an opportune time to bring it to the attention of the Minister of Finance or the Speaker, or the Clerk of the House—whoever happens to have jurisdiction as to that particular item—so that consideration could be given to increasing the pay of the sessional stenographers. I have that particular class of employees in mind when I make these remarks. I go further: I think there should be an allowance for travelling expenses. If it is necessary to bring to Ottawa stenographers of this particularly efficient type, I believe they should be provided with transportation to and from their place of employment.

Mr. GILLIS: When this bill was brought down, my conception of the matter was that it was for the purpose of getting interim supply, and that it did not open up a detailed discussion of the estimates. The purpose for which the money is required is clearly set out in the bill: agriculture, freight assistance on western grains—and I think most hon. members will agree that it is necessary—and so forth. I am not disagreeing with anything that is in the bill. It simply represents a certain amount of the regular estimates necessary now in order to enable the departments to carry on. It is unfortunate that the discussion of the House of Commons staff was injected into the discussion at this time, because—

Mr. ISNOR: I rise to a point of order, Mr. Chairman. I referred particularly to one of the items which was included in this bill, namely, item 154. If any objection is taken it would not be to the part of the staff of the House of Commons to which I referred, but rather to the question raised by the hon. member for Winnipeg North Centre.

Mr. GILLIS: I was not specifying anybody. I merely said it was unfortunate that it was injected into the discussion—

Mr. ROSS (Souris): No matter where it came from.

Mr. GILLIS: —for the simple reason there is already on the order paper a motion by the Secretary of State which will enable anyone to carry on a detailed discussion of that particular question. Now that the matter has been injected, I have just this to say—and I think the chairman himself can accept responsibility for allowing this discussion to take place. On the question raised by the hon. member for Winnipeg North Centre, and what he said was concurred in by the senior member for Halifax, I say that the question of the stenographic staff is one that cannot be passed over by just saying that the salaries are too high or too low. It is a question that requires detailed study. It is a matter concerning 155 people who are in this building for the purpose of rendering certain services to members of parliament, and that aspect of it must be considered. I think the most important question in connection with the sessional stenographers is the matter of transportation. They come from long distances, and they are not employed the year round. I think they should be provided with transportation.

Mr. ISNOR: The hon. member agrees with me on that point.

Mr. GILLIS: Yes. I say it is a point that should be considered. Second, and I think more important than fixing a higher rate, is the question of superannuation.

Mr. FRASER: That is right.

Mr. GILLIS: A great many of the girls who are sessional stenographers have been on the staff for twenty or twenty-five years.

Mr. GRAYDON: Permanent temporaries.

Mr. GILLIS: They have reached the age where they should be retiring. Adequate retirement provision should be made for them. If you continue as you are, what you are making of the stenographic pool is not a pool that will give service to the members of the house, but rather a home in which to take care of people whom you are afraid to put out because the system has not provided for them.

I am not going to enter upon a detailed discussion of the matter now, because I said it was unfortunate that the question had been opened up under this bill. But when the Secretary of State brings in the motion he now has on the order paper with regard to establishment and revisions in classifications, I am going to say something about it and make certain definite recommendations.

With this short explanation I hope this bill will pass to enable the departments to get along.

Mr. ABBOTT: I suppose, strictly speaking, it is in order when this bill is before the committee to discuss any item which may be in the main estimates. It has been the practice when the minister has moved for interim

supply to make general observations and perhaps to refer to particular grievances, but I do not think it has been customary to discuss items in detail.

I should imagine a good many members might wish to speak about the matter of the House of Commons staff. If we were to proceed to do that now, this would develop into a full-dress debate. I appeal to members of the committee to defer discussion of that question until the motion standing in the name of the Secretary of State is before the house.

I wish to point out that the question of the salaries of the house staff is not within the jurisdiction of treasury board or of the Minister of Finance. It is a question which is in the control of the house itself, and which will no doubt be discussed when the resolution is before the house.

Mr. KNOWLES: On that last point, it seems to me we should not for ever be pushed back and forth from one authority to the other. I do feel it is not fair for the Minister of Finance to put the responsibility for this solely upon the officials of the house. They may have their ideas, but they cannot—

Mr. ABBOTT: Not the officials of the house; it is the house itself. The house is master of its own staff. The staff of the House of Commons is not subject to treasury board control, as are the staffs of every other department of government. That is the point I wish to make clear. Treasury board, of which I am chairman, and which is a committee of cabinet ministers, does exercise general financial supervision over expenditures and has control over the regular departments of government. But the House of Commons, and rightly so, has always been very jealous of its prerogatives and its control over its own staff. The committee of the house which considers these matters of establishment and the like is the internal economy commission, consisting of four cabinet ministers, of which I am one, and Mr. Speaker. It is a committee of the house, not a committee of the government; and Mr. Speaker is chairman. The estimates of expenditures of the house are presented by Mr. Speaker. The Clerk of the House in that respect occupies the same position as a deputy minister in a government department.

I have interjected this by way of explanation, because I think there is some misconception as to the government's responsibility for salaries and the like in the House of Commons. It is not the government's responsibility at all.

Mr. KNOWLES: The minister says this matter comes within the purview and responsibility of the House of Commons itself, not of the government. Does that mean that members of the House of Commons can propose salary increases or salary changes?

Mr. ABBOTT: Yes, I would assume so. I am not an expert on the rules, but I assume that is so.

Mr. FRASER: Where would a private member of the house get with a motion to increase these salaries?

An hon. MEMBER: Not very far.

Mr. ABBOTT: Perhaps not very far; but that is—

Mr. KNOWLES: That is the answer.

Mr. ABBOTT: That is a different matter.

Mr. KNOWLES: We would be told that it involved increased expenditure and we would have to get approval either of the internal economy commission or of the treasury board itself.

Mr. ABBOTT: I do not think that is correct; that is completely incorrect. I take exception to that, and I think the Clerk of the House would sustain me in it. A member of the house who proposed a resolution for expenditures with respect to service of the house would not have to get permission from treasury board or from the government. He would not have to get permission of the internal economy commission. I may be wrong but I notice the Clerk is nodding his head, and I think I am right.

Mr. FRASER: Would the Speaker of the house not have to go before the Minister of Finance with his estimates?

Mr. ABBOTT: No.

Mr. FRASER: Because it is in the minister's office that they are made. Suppose they are too high; would it not be up to the minister to cut them?

Mr. ABBOTT: I have no power to cut them.

Mr. FRASER: But you would, though.

Mr. ABBOTT: I could not.

Mr. FRASER: You would have no power, but you would do it.

Mr. ABBOTT: I have no power to cut them. All I am interested in is in putting this responsibility where it lies.

Mr. FRASER: Passing the buck.

Mr. CASTLEDEN: With respect to this item of $7,750,000 on freight assistance, will the minister make a statement as to what has

been used already out of this fund, and the quality of feed grains now in storage in the west and on the western farms which he expects to ship in using up this $7,750,000?

Mr. ABBOTT: I cannot give that information. As I said a minute ago, in passing interim supply the minister does not give that kind of information about expenditures. If he were to do so he would have to have with him the details of all the items. The invariable practice in interim supply, so far as my experience goes, is that we do not give details and members do not expect to receive detailed information on the items. That is all asked for when the main estimates are being considered. I shall be glad, therefore, to give the information when this item is reached in the main estimates. Or if my hon. friend wishes to have the information in the meantime. Of course I shall gladly get it for him. But if we were to attempt today to go into the details of all these matters—

Mr. CASTLEDEN: The Minister of Agriculture is in his seat. Perhaps he would give us a brief statement as to how he expects to use the $7,750,000.

Mr. ABBOTT: There is an amount of $20,000,000 for the whole year. What is asked for here is to cover until July 31. It has already been announced that in the supplementary estimates provision will be made for the continuance of this form of assistance during the coming crop year. I cannot give further information now because I have not the details here.

Mr. CASTLEDEN: The Minister of Agriculture is here, and he knows what was used last year.

Mr. GARDINER: The Minister of Agriculture gave that information when his own estimates were under consideration the other night. It is on *Hansard*.

Mr. CASTLEDEN: For the coming year?

Mr. ABBOTT: The explanation I have on that is this. The main estimates of course include provision only to the end of the present year, July 31. This will have the effect of concentrating the bulk of claims coming for payment into the first quarter of the fiscal year. Those in April, May, June and July will require a substantial proportion of the vote at this time. That is what my officials, who watch the rate at which these moneys have to be paid out, inform me. In effect we are asking for what it is estimated will be required before the end of June to cover these items.

[Mr. Castleden.]

Mr. BRACKEN: Mr. Chairman, since a matter having to do with employees of the House of Commons has been brought up, I wish to ask one question about it. The minister says this matter comes within the jurisdiction of the house as distinguished from the government itself. He has indicated that the body which represents the house in dealing with matters of this kind is the internal economy commission, of which he has told us he is a member. Reference has been made to certain reports tabled the other day, and a resolution on the order paper with respect to these officials. Certain salary increases have been proposed, and I have heard no opposition to those increases. There is in the minds of many members of the House of Commons the thought that some of the employees of the house have not had an increase within the last year. My question is this: Is it correct that certain employees of the House of Commons have not had an increase within the last year? If so, is it the intention of the internal economy commission or the government—and I fail to see much difference between the two, since that commission is made up of a number of government officials—to see that all employees, or those at least who have not had one, receive an increase this year?

Mr. ABBOTT: That is a question which, in the organization of the House of Commons, could more properly be put to Mr. Speaker. I cannot vouch for it, because it is not my department and not my responsibility, but I am informed that there is no employee of the House of Commons who has not had an increase within approximately the last eighteen months or two years.

Mr. BRACKEN: I suggest then, that the internal economy commission order an examination of these positions, because I am informed that increases have not been made to all these employees within the last year. I am informed also that the increases made to some within the last two years covered only the cost of living bonus. I ask that those who may not have received favourable consideration during the last twelve months be given that consideration.

Mr. ABBOTT: I have no doubt that Mr. Speaker will have taken note of my hon. friend's observations.

Mr. BRACKEN: There is one other thing, if I may be permitted to bring it up at this time. There is a resolution before us with

respect to this matter. When that resolution comes up for consideration, the freedom of the house will be greatly limited because we shall be asked only to approve a certain report. We shall not be going into committee where we could ask questions of any individual. If we hold to the rule we shall be able to speak only once, and the minister will be able to reply only at the end of the debate; there will be no questions at all.

Mr. KNOWLES: According to the Minister of Finance, we can move amendments.

Mr. BRACKEN: I venture to say that we shall learn better when we come to deal with the motion which is now on the order paper.

Section agreed to.

Section 4 agreed to.

Schedule agreed to.

Bill reported, read the third time and passed.

PRAIRIE FARM REHABILITATION

AMENDMENT TO PROVIDE FOR APPOINTMENT OF DIRECTOR AND ASSOCIATE DIRECTOR

Right Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 282, to amend the Prairie Farm Rehabilitation Act.

He said: Mr. Speaker, the other day when I asked to have the resolution advanced it was suggested to me that I should make a statement having to do with the level of the water in Long lake and with the dam which is being considered for the South Saskatchewan river. I would suggest that neither one of these matters is dealt with in the bill now before us, because the bill simply provides for the appointment of certain officials. However, I am quite willing to make a statement with regard to both these projects. If hon. members desire to ask questions at the time the statement is being made it might be better for us to go into committee although I am prepared to make the statement on second reading.

Mr. DIEFENBAKER: Go ahead and make the statement.

Mr. GARDINER: As I suggested the other day, the bill contains only one section which provides:

> The minister may appoint a director of rehabilitation and an associate director of rehabilitation, and such temporary technical and other officers and employees as he may deem necessary and expedient for carrying out the provisions of this act and the salaries and expenses of all persons appointed under this section shall be fixed by the governor in council.

That section, with the exception of the first two lines and the phrase, "persons appointed under this section" in the latter part of the section, is as it was in the original act. In other words, under the original act the minister has the authority to appoint such temporary technical and other officers and employees as he may deem neceessary and expedient for carrying out the provisions of this act, and the salaries and expenses of all shall be fixed by the governor in council.

The reason for bringing this amendment before the house is that we desired to appoint as director of rehabilitation a gentleman who is a member of the civil service in the Department of Agriculture. Being a permanent appointee, he is entitled to certain superannuation rights which he has established over a long period of service. When this position was offered to him he said that he desired to maintain his present position in relation to superannuation. After considerable discussion and an examination into the means of bringing this about, this amendment was decided upon as being the reasonable way to do it. The minister would simply be given authority to appoint a person who would be permanent, that is, a person who is already a permanent member of the civil service.

It was decided at the same time that an associate director of rehabilitation should be appointed. This is necessary, partly because additional responsibilities have been added to the prairie farm rehabilitation organization through the estimates which were passed last year and which are before the house this session. Larger projects, such as the South Saskatchewan project and other activities, will be carried on, not only in the Palliser triangle but in other parts of Canada. It was felt that we should have here in the Department of Agriculture an official who would be in direct touch at all times with the director in Regina.

I was asked the other night who the individual would be. That has not been decided, but it is anticipated that he will be either a member of the civil service or someone who could qualify as a civil servant through service in some other office. Since the individual has not yet been selected, I am not able to give his name to the house. It is anticipated that when the appointment is made the person will be either in the same position as the director in relation to superannuation or be able to qualify to be placed in that position. If that is the case, then the appointment would be made under this amendment; but if that is

not the case and if we go outside those who can qualify for the civil service to find someone, then he could be appointed under the terms of the act as it stood before this amendment is made. I think that is sufficient to explain the position in relation to the bill itself.

Since I stated the other evening that I would discuss the two other matters in question, I think I should do so at this time. The first has to do with the water levels in Long lake. As was stated by the hon. member for Lake Centre (Mr. Diefenbaker) this is the largest body of water in the settled portion of Saskatchewan. The lake is about seventy miles long and from five to six miles wide at its widest parts. It stores a very considerable amount of water.

The lake is peculiarly situated, in that water runs into it from the Qu'Appelle river which is located about a mile or a mile and a half from the south end of the lake. Originally there was a natural stream which flowed from the Qu'Appelle river into the south end of Long lake. During the time of high water in the spring the water would run into the lake, but if the lake filled up above its natural level the water would flow out from the lake during the remaining part of the season until the level was brought down to the bottom of the old creek.

Some years ago a channel was constructed from the south end of the lake to the Qu'Appelle, and at the same time a dam was put in the Qu'Appelle river. That was done many years ago when the natural resources of the west were under the control of the federal government and before the province of Saskatchewan was formed. The dam which was put in the river at the south end of the lake was put there for the purpose of raising the level of Long lake in order that a boat could be operated on Long lake, and at that period a boat was operated on that lake, going north from Valeport. I have seen the boat often myself in the earlier days.

As a result of putting the dam in the river and raising the water level of the lake, the parties who owned the flats at the south end of the lake took action against the federal government for having flooded their land, and my memory is that they secured damages in the amount of $50,000. From that time on, these lands were often flooded. They are natural hay lands, but they were flooded sometimes during a greater part of the season. That continued down until the drought period began in the latter part of the 1920's and the early 1930's. During that period I happened to be in the government of Saskatchewan, and a damage suit was started against the federal government, because at that time the resources were still under its control, on account of the way in which the dam was being operated by Ottawa. In other words, it was maintained that in order to keep Long lake at a higher level than it otherwise would have been the dam was closed and the water was run into Long lake, and in the summer when hay should be growing on the flats below the dam the water was allowed to flood the flats, which, instead of growing hay, were growing what we called foxtail. So the owners down the valley started an action. About that time the operation of the dam was transferred from the interior department at Ottawa to the department of highways of Saskatchewan, to be operated in such a manner as to provide that the waters did not flood these lands at the wrong time. As a result of the transfer of the operation of the dam, the suit was not proceeded with.

A little later, 1931 to be exact, the natural resources were transferred to the province, and from that time on until P.F.R.A. took an interest in the levels of the lake the dam was operated by the department of highways of Saskatchewan. I think it is now operated under an arrangement between the department of highways at Regina and P.F.R.A., but latterly under the direction largely of P.F.R.A.

This spring, when word was coming through that there were considerable floods in western Canada as a result of the rapid thawing of snow toward the end of April, I wired the office at Regina, or had Mr. Stevenson wire the director of P.F.R.A. at Regina, as follows:

Director P.F.R.A.
McCallum Hill Bldg.
Regina, Sask.

Minister wishes assurance Craven dam being operated to divert flood waters to Long Lake. Please let us have brief report by wire.

A. L. Stevenson.

Later that same day, April 28, we received this wire:

Moose Jaw, Sask.
April 28, 1948

A. L. Stevenson,
Office of Deputy Minister Department of Agriculture,
Ottawa.

Re telegram Craven dam being operated to divert all possible water to Long lake and we have purposely broken our Valeport dyke to permit free flow. Over four thousand acre feet entering daily and lake has already risen two and one-half feet over last year.

E. L. Gray,
Superintendent Water Development P.F.R.A.

After the discussion which took place here the other day, I again had Mr. Stevenson

wire the director of P.F.R.A. at Regina, under date of May 11, as follows:

Director, P.F.R.A.
910 McCallum Hill Building,
Regina, Saskatchewan

Please let us have a report for use of minister further to your wire of April twenty-eighth regarding level of Long lake. Advise if diversion continuing.

A. L. Stevenson.

We received this wire in reply, dated May 11:

A. L. Stevenson,
16 Confederation Bldg., Ottawa, Ontario

Re telegram diversion Long lake continuing at full capacity of C.P.R. structure at Valeport. Holding water very high in Craven Lumsden area to get full flow. Long lake rising steadily. Will give definite measurement during week.

E. L. Gray,
Superintendent of Water Development.

I then telephoned the office in Regina and said that definite measurement during the week would not be much help to us this afternoon in the house when we were discussing this matter, and that I had given the house an undertaking that I would give as definite information as possible before the bill was passed. As a result of that telephone conversation, I have this information:

Mr. Gray informs me that up to last night the water in Long lake had been raised over four feet above the level existing at the end of last season. The diversion is continuing and the water in the lake is being raised at the rate of about one inch per day. It is expected that a further increase of at least one foot, and possibly more, can be achieved. This means a net increase of at least five feet altogether.

When one remembers that Long lake is seventy miles long and five or six miles wide at some points one can understand that a very considerable amount of water ran into the lake this year in order to fill it up to that level. I would say, however, that not all the water came into the lake out of the Qu'Appelle river, because other streams all around run into the lake and these streams have, of course, been adding to the volume of water in the lake, but they at all times add all their water to that lake. The only place where we can control diversion into the lake is on the Qu'Appelle river, and I am sure it will be realized from what has been said that everything which could be done to raise the level of Long lake as a result of the operation of the dam has been done this year, and the result obtained is, I think, very satisfactory.

Mr. BURTON: Can the minister say how much below the high level that still leaves the lake?

Mr. GARDINER: Unfortunately I am not able to do that, but I would think it is getting back very close to what was the normal level; probably not up to what was the high level. At one time the level was down eight feet, and it may have been down ten feet at one time. But the level was increased somewhat last season, and five feet of water has been added again this year.

The other question raised had to do with expenditures on the South Saskatchewan. At the present time one is quite within the rules to discuss expenditures on the South Saskatchewan under the P.F.R.A. vote or in connection with legislation having to do with P.F.R.A. But so far as regards the future development of the South Saskatchewan, the building of the South Saskatchewan dam and everything that would go along with it, such works would not be carried on under votes for P.F.R.A.

The reason I say that the votes up to date would be votes which could quite properly be discussed under P.F.R.A. is that one of the functions of P.F.R.A. is to investigate all the possibilities within the P.F.R.A. area; that is, within the old Palliser triangle, and to report from time to time as to what those possibilities are. But the total amount which is voted for P.F.R.A. has never been more than $3,000,000 for what we generally call P.F.R.A. work. I think in one or two sessions $3,500,000 was voted, but $500,000 of it was for special work being carried on to demonstrate whether water could be pumped out of the Saskatchewan river and brought down to within eighteen miles of the city of Moose Jaw and stored in the sands there and utilized for city purposes later on. But this house has provided for expenditures under the act as originally drawn, and as it is still drawn, of about $3,000,000.

One of the investigational operations that has been carried on is to determine just what could be done with the waters of the South Saskatchewan river. We have been carrying on engineering investigations, beginning, so far as Saskatchewan is concerned, up on the Alberta boundary line. As a matter of fact, we carried on investigations farther west than that, but the investigations that we are concerned about in so far as the bridge north of Swift Current is concerned, and so far as the dam farther down the Saskatchewan river is concerned, started at the Alberta boundary line, and we have investigated two or three different possibilities. One is the matter of pumping water out of the Saskatchewan river at different points and irrigating table land areas similar to that which has been irrigated

just west of Medicine Hat, where a very considerable area is irrigated by the pumping of water up a hundred feet or so and then distributing it over a table land, which is only part way up toward the height of land at the top of the valley.

We did make examinations all along the Saskatchewan river in an effort to determine at how many points a similar type of irrigation could be carried on. While we were doing that, we made investigations by boring as to possible sites for a dam. As a result of these investigations we have located ten possible sites, and these are indicated on a map. I think we have spent about $250,000 in boring holes and carrying on investigational work at these different sites. Eventually we came to the conclusion that there are only two places at which a dam could be built which could serve the purpose of most people who discuss the possibility of a dam there of any kind. One is near Outlook, which I think is numbered 8, and the other is near the mouth of Coteau creek which is numbered 10 on the plan. No. 10 is the site which has been reported most favourably upon; but there is no engineer who, up to the present moment, will take the responsibility for saying that there is no possibility of making any mistake in building a dam at that site. Therefore the borings are still going on.

The report which was tabled in the house during the last session, and a copy of which I have before me, is noted as an interim report on the South Saskatchewan river development. It will be noted that it is not a final report; it is an interim report. This interim report shows that all the information which they have been able to gain up to the present would indicate that a dam could be built near the mouth of Coteau creek, and it would serve certain purposes. The information which the report contains is to the effect that if borings demonstrate that the formations below are what they have reason now to believe they are, it will be possible to build a dam there very much of the same type of construction and with the same kind of materials as dams have been constructed on the Missouri river in the United States at two or three different points.

It is said that the dam ought to be about 210 feet high. From the bottom of the river basin as it now is to the top of the dam would be about 210 feet. It is said that if we built a dam that high we would still have to do some pumping in order to get water out for irrigation purposes in certain areas; but that a dam built that high would be 120 feet higher than the embankment along the river which separates the South Saskatchewan river from the Qu'Appelle river valley. The distance from the South Saskatchewan to the Qu'Appelle is only a matter of some two miles. Therefore, if the dam were built 210 feet high the water level would be such that at least half of the water intended to be stored would go naturally down the Qu'Appelle and would not remain in the Saskatchewan at all. Not only must there be a dam built across the Saskatchewan river of a very considerable size and at great cost, but there would have to be a dam built along the east bank of the Saskatchewan river in order to prevent the waters going out, excepting under regulation, into the Qu'Appelle. It is said that if we were to build these structures the cost would be in the neighbourhood of $66,000,000. It is also said that the lake which would be created would be probably 145 miles long, and that it would be of varying widths, depending upon the widths of the Saskatchewan river valley. It would flood a very considerable area of land which is now being cultivated, and it would cause some persons to be moved from the valley up onto the higher lands. Further all the expenses in connection with this matter and the construction of the dam would total somewhere in the neighbourhood of $66,000,000.

As a result of building a dam of that kind, the water level just north of Swift Current where the ferry now is, at what is known as Saskatchewan Landing, would be raised to a level which would be some fifty-three feet above its present level. And it is at a point, at Saskatchewan Landing, where the ferry now is, that the Saskatchewan government desires to build a bridge. That bridge has been under discussion for many years. One has only to look at the area to see that the railways have been built up to the river or toward the river, from both the north side and the south side, but that no railway or traffic bridge has been built across the river at that point. The question that has been under discussion for some considerable time is as to whether the people who live on the two sides of the river should be asked to utilize the ferry until such time as the railway was prepared to join the provincial government at this point in doing what they have done at many other points in building a bridge across the river.

My understanding is that the people have become a little tired of waiting. They think the time has been too long already. They think a traffic bridge ought to be built. I understand that all groups who are discussing the matter are pretty well agreed that a traffic bridge ought to be built. The question that is under discussion out there at the

moment is, should it be built for an increased water level of fourteen feet or an increased water level of fifty-three feet? The 14-foot level only became a matter of discussion when we were talking about another dam site. As I stated, there are ten of them. There was a time when we had a report which indicated that if we built a dam of a certain kind at a certain place the level would be raised fourteen feet. And it was on that assumption that plans were laid out for the building of a bridge which would provide for a water level fourteen feet higher than the present level.

I am sorry I am not in a position, and I do not think anyone is in a position, to state at this moment whether the large project which I have outlined in a few words, which would cost approximately $66,000,000, will be undertaken, and how soon it will be undertaken. The only thing I can state at the moment is that no project of that kind can be undertaken inside two years. It cannot be started inside two years. The reason is that all the best engineers we can employ tell us it has taken at least that long, in connection with all the large United States projects, to make the final decision, because of the borings that must be made. And they would not undertake to recommend to the government, until after two more seasons of investigational work had been carried on, whether that is the proper site at which to build a dam, and whether we should proceed on the basis that has been discussed up to the moment.

All I can say that is definite at the moment is that we are told by the engineers that it will take two years, this year and another, in order to examine fully into the possibility of constructing a dam at that location and keeping it there after it is built. The question as to whether they can make it stay or not does not depend on anything you can see at the surface. They have to bore some 200 feet at many points, extending back east and west from the river and in the basin of the river itself, in order to determine whether we can make the dam stay there.

So we have five or six outfits drilling holes and keeping records as to what the nature of the area is below where the dam is to be built, and as this dam would be a very considerable structure it will take some time. The shortest time in which it can be efficiently done—completed rather, because much of it has been done—would be this year and one more year.

What I wanted to point out was that until the end of that time these engineers are employed under the P.F.R.A. vote; but if at the end of that time the report is that this is a proper site and that the dam might be built there, this government would consider proceeding with construction. After the federal government has so decided, we must then deal with three provincial governments. I have been dealing with them for the last year with regard to this structure and others, and in that time I have discovered some of the difficulties. I am going to give them to the house in order to indicate that we cannot speed these things up just as much as some of us would like to have them speeded up. Three provinces are concerned.

All these rivers we are discussing—the Red Deer, the Bow, the Saskatchewan, the Red, the Assiniboine, the Souris—are in the Nelson river basin. They all have their origin out near the Rocky mountains or in them, in the province of Alberta, with the exception of the Souris, the Red and the Assiniboine. These rivers have their origin either in the province of Saskatchewan or down in the United States, but the larger streams all have their origin in the province of Alberta.

The province of Alberta is interested in retaining as much of the water as it is entitled to in the province, because I presume there are just as great acreages—I think I am right in saying there are just as great acreages—which could be irrigated in Alberta as there are in Saskatchewan, while there are lesser areas in Manitoba which might be benefited by irrigation. And so Alberta is interested in one thing, namely utilizing as much of the water as it is entitled to.

At the other extreme you have the province of Manitoba. They are interested in two or three things. The first is to see that lakes Manitoba and Winnipeg and other smaller lakes are kept at the proper level. They are as much interested in that as the hon. member for Lake Centre (Mr. Diefenbaker) is in keeping up the level of Long lake, and therefore they must be consulted before we dam up any of these streams and make these large lakes we are talking about.

Not only that, but they say they are now reaching the point where the development of power is their main consideration, and the only place they can go, in order to develop additional power to what they now know of down in the south, is up north at the mouth of the Saskatchewan river. Therefore they are interested in what we do back along that river.

We have tried to have this matter settled by setting up a board. That board was proposed a year ago. We drew up an order in

council here and presented it to the three provinces, suggesting that each of the provinces appoint its chief engineer, and we would appoint one from the P.F.R.A. and one from Mines and Resources. This board of five would divide these waters and say that we must allow a certain number of gallons to flow over the boundary of Alberta into Saskatchewan, and then allow a certain number of gallons to flow out of Saskatchewan into Manitoba.

We thought that board would be quite satisfactory, but we found that the provinces were not altogether agreeable. They thought the recommendations of the board ought to go back to the governments. We next attempted to have the provision of the veto apply, so as to allow a representative of one province to veto the decision.

Mr. DIEFENBAKER: Who were the members of the board?

Mr. GARDINER: It has not yet been set up. The proposal was that we have a board. I may say, though, that the order provides that the provinces name their men, and we presumed they would appoint the chief engineer in each province; and it is the chief engineers who have been discussing the matter with us. We suggested that the decision ought to be unanimous, and that was acceptable to both Saskatchewan and Alberta but not to Manitoba. So ten days ago, when the premiers of the provinces were here, I had them together and they brought along with them some of their officials. We discussed the question again, and I think we finally agreed on a kind of board which will be satisfactory to all of us. The provision to be made is that this board can only recommend; it cannot decide anything.

In other words, the board will meet and figure out what they think the division of water ought to be among the three provinces, and an order in council will have to be passed by each of the provinces and by the federal government before we are in a position to proceed with any of these matters. I hope that it is not going to take too long, but I am not in a position to tell the house how long it will take. I think the engineers are in a position to say what amount of water has flowed from one province into another over a long period of time, and I hope that within a short time they will be able to recommend what they think ought to be allowed.

When they have made that recommendation I hope that the provincial governments and the federal government will be able to pass, as soon as possible, orders in council which will put the results of their investigations into effect. After they are put into effect, of course each one of the projects will have to be again agreed upon, and we shall be required to demonstrate to the provinces concerned that we have so built these structures as to permit of the agreed upon proportion of the water passing from one province into another.

I need only to remind hon. members again that if we build this dam 210 feet high on the Saskatchewan—it is 120 feet above the level at which the waters go into the Qu'Appelle; the waters that go into the Qu'Appelle go into the Assiniboine; and the Assiniboine has been flooding the city of Brandon and the city of Portage during this season—that Manitoba is somewhat concerned about what we do.

Mr. ROSS (Souris): And the Souris river.

Mr. GARDINER: Then there are others who are concerned. So I do not think we can rush these projects through as fast as some hon. members were suggesting the other day. A great many people will be concerned about this. I can agree that Mr. Thomson, the gentleman who has been chosen as director, will get the whole matter straightened out as soon as anyone could get it straightened out. All I can say is that we shall proceed with the task just as rapidly as we can, but I am not able to tell the house when we shall be able to start to build the dam.

Mr. J. G. DIEFENBAKER (Lake Centre): I am sure the house has listened, Mr. Speaker, with interest to the minister's recital in connection with the projected dam on the Saskatchewan river. That is a matter of interest not only to the people of Saskatchewan but to the people throughout western Canada in general.

First I want to thank him for what he has told the house about what the P.F.R.A. department has done during the current year to maintain the level of Long lake, also known as Last Mountain lake. As he pointed out, this is the largest body of water in central Saskatchewan.

I now wish to refer to the Saskatchewan river project, the one to which he devoted a large portion of his remarks. That project has been a dream in the minds of the western farmers for a great many years. As far back as 1854 when Captain Palliser made his expedition which resulted in the finding of Kicking Horse pass, it was realized that there were areas of what are now Saskatchewan and Alberta which might never be utilized for farm purposes.

Only recently I was reading the diaries of Captain Palliser wherein he pointed out that a large area of what are now the western

provinces—from a point at Emerson in Manitoba, thence by a direct line to a point that is now Lloydminster; thence in a direct line to what is now Macleod—was an area so arid that he doubted whether it would ever be settled. The last survivor of the Palliser expedition, John Moberly of Prince Albert, who was water-boy with the expedition, some fifteen or eighteen years ago told me that as that expedition crossed the great western plains in 1854, they never believed that it would ever be settled. It was dry as a desert. However, it was settled. The history of that area has been that over periods of eight, nine and ten years, there has been good production followed by periods of similar length wherein drought has all but destroyed the hopes of the people living there; yet they have stayed on and continued to live there, hoping for a diminution in the length of these periods of drought or hoping that, with the passing of the years, the rainfall would not be as uncertain as in the past.

The project has been a dream. I know the interest shown by the minister. But as I listened to him, I could not but conclude that he was doubtful whether the building of a dam either at Outlook or at Coteau creek will be achieved within the immediate future. Indeed, on occasion when he has been speaking to western organizations, service clubs and the like, I have detected a higher degree of optimism as to this project than I did in his remarks today.

Mr. GARDINER: I have never put it at less than twelve years.

Mr. DIEFENBAKER: We would not have long to wait if the minister was in a position now to say that this project will be undertaken if it is found to be feasible, and if the engineering reports are favourable to its continuance. The residents of large areas of Saskatchewan that are subject to drought have had held out to them that, with the building of a dam, an area of about 500,000 acres would, as a result of irrigation, have its productivity increased considerably. I have looked up some of the figures in connection with production being materially increased by irrigation. They establish that if this plan could be evolved—and it requires vision and the enlistment of the support of the people in all parts of Canada—it would mean a national investment. Even though the cost be $63,300,000, it would pay dividends far beyond the amount of the expenditure. I am one of those who do not believe in coming before the government and asking for expenditures while at the same time asking for a reduction in taxation. But this type of national work is of such a character that if it can be carried into effect, I believe it will mean the salvation of large areas in western Canada, and will assure the return of dividends nationally.

I think a word should be said with regard to what has been done by the hon. member for Davenport (Mr. MacNicol) in connection with irrigation, not only in Saskatchewan but generally throughout Canada. He has travelled over large portions of this dominion and has drawn the picture of what a great irrigation plan would mean in the national development of our country.

When this dam is built on the Saskatchewan river, thus bringing hope to areas which, were it not for the spirit of the people, would long since have been vacated, I trust the minister will give consideration to naming the dam after the hon. member for Davenport, whose contribution has meant so much, and who has impressed the people of Canada with the need of this and other national self-liquidating projects.

As to the advantages of irrigation, I find that in Alberta in respect of ten areas, over the ten-year period between 1936 and 1945 the average yield in the non-irrigated areas of a similar kind and with similar soil texture was 8·1 bushels per acre, while the yield in the irrigated areas was 19·8 bushels.

Canada has not as yet achieved the vision of the need for irrigation which has caught the imagination of the people of the United States. Our total acreage under irrigation is only 750,000 acres, while in the United States it is about 28,000,000 acres, and in the U.S.S.R., which has only recently undertaken irrigation development on a large scale, the number of acres is 8,000,000.

I wish now to refer to a brief submitted to the government in December last by an organization known as the South Saskatchewan river development association. In its brief it asks for co-operation of the provinces. As I listened to the minister pointing out the difficulties inherent in a matter of this kind, I felt that he could hasten along a higher degree of agreement than has been experienced here before, were he to ask for and secure the setting up of committees on water conservation and irrigation, representative of boards of trade, chambers of commerce, rural municipalities and civic organizations in the three western provinces. There is agreement among such representative people as to the necessity of having something done. Public opinion resulting therefrom will bring agreement from any governments which at present are averse to participation in a scheme which in part may mean a loss to them of some water resources.

The loss now is tremendous, for all of us know that hundreds of millions of tons of water yearly are pouring into Hudson bay and thereby are lost to areas where it would do so much good.

According to the development association, the plan will require an expenditure of $66,000,000. An immense reservoir would be created on the South Saskatchewan river, through the erection of a 210-foot dam. Stretching for 145 miles, this reservoir will have a storage capacity of 6,765,000 acre-feet. According to those who have studied the matter carefully, it would mean the irrigation of 500,000 acres in Saskatchewan and also permit the development of waterpower to the equivalent of 110,500 horsepower.

In addition to this, the diversion of water would permit irrigation and development of the Qu'Appelle valley, and also the diversion of part of those waters into Last Mountain lake, so as to assure the perpetuation and continuance of that lake.

Certainly I do not think anyone will say that in advocating this I advocate something which should not be assumed by the people of Canada as a whole. I think it is one of the greatest self-liquidating works that should be undertaken by the national government. I am glad to see in this connection that not only is the Minister of Agriculture (Mr. Gardiner) of that view, but that speaking over a year ago in Montreal the Secretary of State for External Affairs (Mr. St. Laurent) called for "a proper balance in the choice between measures essential to Canada's future greatness and the natural desire to cut down our expenses and to lighten the burden of taxation of our people." Then he pointed out that harnessing the watershed of the Rockies is a problem requiring bold and perhaps venturesome decisions by men who believe that Canada's destinies have barely commenced to be revealed.

Support has been given to this project by the press in all parts of Canada, because the Canadian people realize, to a degree never before experienced, that the maintenance of the prosperity of all parts of Canada is a matter of national concern. In this connection I could refer to numbers of editorials on the subject. I shall not do so, however, but shall content myself to refer to only one which appeared in the Toronto *Globe and Mail*, wherein the matter was summarized in a way which I believe expressed a viewpoint which is becoming general throughout the country. It says:

> The west needs water. The cost of guaranteeing an adequate and continual supply would not be greater than the loss through crop failure in any one of several years. Water is needed not only to prevent such failures, but also to permit diversification of agriculture and make the raising and feeding of livestock a dependable source of income. The cities need water for their development. Moose Jaw and Regina are in precarious positions. A dam on the South Saskatchewan river would provide these and other communities with all the water they need, in addition to irrigating hundreds of thousands of acres of wasting land.
>
> Perhaps too much emphasis has been placed on actual irrigation, and not sufficient on what else can be accomplished through water conservation. It is believed that a dam on the South Saskatchewan would raise the water table over a great portion of the southern part of the province, thus providing a new invisible supply of water. It would mean water in wells which are now dry.

The Saskatchewan river project is a tremendous development, one which will require concerted effort and energy, and the compromising ability to bring together the various provinces with conflicting claims. It will mean a development in western Canada which we can only envisage in imagination.

The minister has said something about the work of the Prairie Farm Rehabilitation Act and has stated that work under that act will continue this year only up to the point where feasibility has been established, or where the engineers find themselves in a position of being able to conclude—

Mr. GARDINER: May I make that clear?

Mr. DIEFENBAKER: Yes.

Mr. GARDINER: We can utilize only the funds provided under the Prairie Farm Rehabilitation Act for work up to that time. When we have passed that point, and it is decided to go ahead, we shall have to get funds under the reconstruction vote, but the work will probably be done by the prairie farm rehabilitation engineers following that.

Mr. DIEFENBAKER: I thank the minister for his explanation, but I would point out that some years ago when a dam was built at Saskatoon costing some $290,000 it was shown as coming out of P.F.R.A.

Mr. GARDINER: No, it did not; there was an extra amount of money voted for the storage of water.

Mr. DIEFENBAKER: It is shown as one of the P.F.R.A. projects in the report of the minister of March 31, 1947.

Mr. GARDINER: The listing of it is for water storage.

Mr. DIEFENBAKER: It sets out the projects under P.F.R.A. I was particularly struck with the fact that it sets out the Saskatoon dam and concrete weir across the Saskatchewan river, 1940, $290,446.

Mr. GARDINER: Both the Saskatchewan river dam at Saskatoon and the project at Moose Jaw were constructed under a special vote of $500,000 which was added to the amount voted for P.F.R.A.

Mr. DIEFENBAKER: But made under P.F.R.A. and reported as such.

Mr. GARDINER: In that sense this probably will be, too.

Mr. DIEFENBAKER: The question as to whether expenditures will be made by P.F.R.A. or otherwise is not one of serious moment. I do not think the minister, in what he said, holds out the hope that the people of western Canada expect. He has spoken at full length and most frankly. In spite of the arguments over water levels that are taking place regarding the bridge at Swift Current, the minds of the people in Saskatchewan are made up that this project must be undertaken.

Excuses for delay will not be accepted. As far back as 1943 Mr. George Spence, the former director, gave evidence before the reconstruction committee of the House of Commons. He was speaking with a vast experience behind him, and he said that $111 million should be spent on water development in the west. He outlined a plan which he thought was necessary to the development, not only of western Canada but of Canada as a whole.

This project may seem to be a great one in so far as cost is concerned. Sixty-six million dollars is a large amount of money. However, if the plan is feasible it will mean dividends to the Canadian people. It will mean that large expenditures now being made today under P.F.A.A. will no longer be necessary. It will mean that areas which have been submarginal will become productive as have similar areas in the United States and in other parts of Canada where irrigation has been introduced. It will mean new hope to tens of thousands of people in the area which would be served by this dam. Fifty-three per cent of the population of Saskatchewan live within a radius of 125 miles of either of the suggested sites.

This is not a purely provincial matter. This matter is as national in scope as the building of canals in Ontario, Quebec or the maritimes. It is as national in scope as any project that can be brought before the Canadian parliament.

Mr. H. R. ARGUE (Wood Mountain): Mr. Speaker, I think we were all glad to hear the minister give his explanation this afternoon in regard to the Prairie Farm Rehabilitation Act and possible irrigation developments. I am sure the members of this group will go along with the hon. member for Lake Centre (Mr. Diefenbaker) in the demand he has made that something be done in the near future to irrigate those areas which it is feasible to irrigate.

As has been said before, the director of rehabilitation, Mr. L. B. Thomson, is an energetic and capable man. In my discussions with people in Saskatchewan who are trained in agricultural matters, I have always heard him spoken of most highly. The hon. member for Swift Current (Mr. Bentley) and the hon. member for Moose Jaw (Mr. Thatcher) are not able to be present this afternoon as they are attending committee meetings, but I know they are interested in what is to be done in connection with the development of the South Saskatchewan river to provide irrigation and an adequate water supply for Moose Jaw and Regina.

The discussion so far has been centred around irrigation, but it seems to me that the purpose of P.F.R.A. should be broader than that. Irrigation is only one method of land use. We need legislation and aid, so that all our land may be put to the best use. The other day I was reading a publication which stated that eastern Canada had lost 4,000,000 acres of land that was once arable. Soil erosion due to water and wind is a grave problem. The United States estimate that they have permanently lost 50,000,000 acres of land because the soil has been badly eroded. It is estimated that an additional 50,000,000 acres of land have been severely damaged.

I should like to see incorporated in the Prairie Farm Rehabilitation Act provisions for payments to farmers for certain agricultural practices. In the United States payments are made for contour cultivation, regrassing and certain other agricultural practices, and I believe it is time that similar payments were made in this country. There is danger of our losing more land through improper agricultural practices than we could gain under adequate irrigation developments.

I believe Mr. Thomson will be a good man for the job, but I am wondering if the job will be good enough for the man. On many occasions Mr. Thomson has advocated that more money be spent, so that the land in this great nation may be better used and made more productive.

The P.F.R.A. estimates are the same this year as last, but last year provision was made in another place for the possible expenditure of $5,000,000 on irrigation developments. That particular sum has been cut to $1,000,000 this year. There has been an increase this year

over last of approximately $700,000 which may be used on the St. Mary river dam project. So that if we compare the total provision for irrigation and P.F.R.A. this year and last year, there is some $3,300,000 less this year. It can easily be seen therefore that the government is not in earnest in trying to bring under irrigation land that it is feasible to irrigate. Instead the minister announces that it will take another two years.

I have here a report of the Saskatchewan reconstruction council in 1944, based on evidence given to the council by Mr. George Spence, who was then with the P.F.R.A. In their report they then came to the conclusion that certain projects are feasible. But now, four years later, this government is still in no position to tell the people of western Canada whether or not further irrigation projects will be undertaken.

Mr. GARDINER: If I may interject, today I was discussing only two questions. One was the level of Long lake, and the other the South Saskatchewan river project. We have had two or three others under way since four years ago.

Mr. ARGUE: I think the minister will agree that the total amount available for expenditure on all these projects this year is less than the amount available for expenditure last year.

Mr. GARDINER: It will be more than has ever been spent before. It is increasing all the time.

Mr. ARGUE: There was provision for $5,000,000 in the estimates of the reconstruction department last year, if approved by the treasury board.

Mr. GARDINER: What it stated was that there was an amount of $5,000,000 under reconstruction upon which we could draw. The amount that we have estimated we shall draw this year is $1,000,000. Last year we did not draw $1,000,000 or $5,000,000.

Mr. ARGUE: That is the point I have been making, that last year there was an allocation of $5,000,000, and this year it is only $1,000,000.

Mr. GARDINER: Upon which we can draw.

Mr. ARGUE: But in this year's estimates it says, "subject to allocation by the treasury board." It is still subject to allocation this year, and our hope of getting an adequate amount of money is a whole lot less this year because there is $4,000,000 less to draw upon.

[Mr. Argue.]

There has been a good deal of talk in the past of a bridge to be built over the South Saskatchewan river north of Swift Current. I think the federal government should be willing to provide some money for the building of this bridge, and not wish, as the minister stated, to leave it to the railways and provincial governments. The federal government provided for the settlement of people in that area of southern Saskatchewan. They have need of that bridge, and I think this government is responsible for providing money so that the bridge can be built.

The minister explained that he would have to take into consideration the provinces of Alberta and Manitoba in relation to the quantities of water that might be dammed in the province of Saskatchewan or in any other province. That certainly needs to be considered and a fair distribution should be made; but when the minister states that a dam cannot be undertaken until the reports are made, which will take at least two years, and that in the meantime the provinces must be got together, and that it will cost $66,000,000, for which no provision has been made and no guarantee can be given that the money will be spent, it seems to me that the government is not taking irrigation seriously at all.

This government can tackle any problem within the Dominion of Canada within its own jurisdiction and, I believe, can solve that problem within a reasonable period of time; and if it takes so much money over a period of two years to decide whether this particular dam or that particular project is feasible, I say that if the minister would spend twice as much money in one year he would probably arrive at the same result. The government should go ahead and spend the necessary money and provide irrigation instead of continuing to examine the feasibility one year after another, holding the carrot on the stick in front of the farmers of western Canada for a period of years and years.

Irrigation can increase the productivity of our soil tremendously. It has been estimated that up to 3,000,000 acres can be irrigated in western Canada. That amount of land would provide a good livelihood for thousands of farmers and increase the agricultural production of this country tremendously. It has often been said but it cannot be said too often that agriculture is our basic industry and that the prosperity of Canada depends on the prosperity of agriculture. If the government will take the matter of irrigation seriously and undertake the irrigation of tracts of land up to 3,000,000 acres it would thereby, I am sure, increase the prosperity of agriculture, which

would in turn increase the prosperity of Canada and help all our people.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, this prairie farm rehabilitation bill gives the minister power to appoint a director of rehabilitation, an associate director and other officers and employees and provides that the director and associate director may come within the pension provisions of the Civil Service Superannuation Act, with the approval of the treasury board. That was also done in another department with our ambassadors. They were given a pension and all that kind of thing. But I suppose these are "ambassadors of agriculture".

I cannot understand, as I travel about the country and look at our many idle Ontario farms why we cannot have a farm rehabilitation act applicable to Ontario. I believe in equality of treatment, and what is good for one province is good for another, following the old Cornish battle-cry, "Each for all and all for each". That is the principle underlying confederation. I see in Ontario, as I travel on the train, a great many farms which need rehabilitation, and they cannot get it.

The time has come when Ontario farmers should get some consideration, since this is concurrent jurisdiction, federal and provincial, because the consolidated revenue fund will be charged with this, and it will come out of the cash taxes of Canada. The two central provinces are paying over 72 per cent of the cash taxes. That is where the money will come from, and from the consolidated revenue fund. I am not objecting to the prairies getting everything they can, because I believe that they do need real assistance in this form and others. This is a protectionist doctrine of bonuses, subventions and subsidies, which the present minister, as a former free trader, opposed for many years. The government are now adopting all kinds of protectionist policies.

The time has come when there should be reciprocity in connection with rehabilitation of farms in this country. Dear knows in Ontario a great deal of rehabilitation is long over-due. It was held up because of the war and other conditions. I do hope that at the next session this act as to rehabilitation of farms will be made to apply to the industrial provinces and other parts of the country which need at once similar aid and help.

Mr. GORDON GRAYDON (Peel): Mr. Speaker, before the house decides upon the principle of this bill by giving second reading to it, I wish to say a few words, which may not come within the exact terms of the bill itself, but have to do with the principle involved. I think I have the right to do this on second reading.

The whole question of prairie farm rehabilitation is one which has been endorsed in principle in this house time after time for the very good reason that the work is necessary. Much of the work that has been done has been a great boon to western Canada. Coming from another part of the dominion, I also want to endorse the principle of prairie farm rehabilitation. I have never spoken on this subject before in the House of Commons, and I am not going to speak at any length this afternoon, but I want to point out one thing that logically follows what the hon. member for Broadview (Mr. Church) has just said.

I understand that in the eastern part of Canada we are to have an extension of the prairie farm rehabilitation principle. With that I am in entire agreement. Those of us who have seen the maritime marshlands and the need for some attention and government assistance will be of only one voice with respect to that proposal.

I want to point out to the minister and to the government that there is another problem facing many municipalities at the present time. Some of these municipalities are in my constituency, and because of that I have knowledge of it. In my part of the country it is not a question of where you are to find water, but what you are to do at times with the water that you have. The flood control problem this year has aroused the keenest kind of interest and concern in many parts of Ontario. I am not suggesting that it is not a matter of importance in other parts of Canada as well; but I want to point out to the minister, and particularly to the Minister of Public Works (Mr. Fournier), who is in his place, and under whose jurisdiction this matter would normally come, that flood control is a serious matter in our province.

In Ontario in recent years legislation was passed dealing with the question of conservation. With the question of conservation is tied up the whole matter of flood control. In that legislation, which I am not going to place on *Hansard* because I am interested only in the principle of the thing, passed by the provincial government—a very advanced piece of legislation, which one would expect from a government in Ontario; by the way, it was unanimously supported by all parties in the legislature when it was introduced—provision was made that, in any area in Ontario where the question of flood control was an important one or the conservation of our natural resources was involved, the munici-

palities which were closely connected with the area affected could set up what was known as a conservation authority.

The cost of such schemes of conservation and flood control was to be borne on a particular basis. The basis was this: 25 per cent to be put up by the municipalities involved, 37½ per cent by the provincial government and 37½ per cent by the dominion. The provincial government set as a condition of their putting up 37½ per cent, and the municipalities as well, that they would be helped to the extent of 37½ per cent by the dominion government. In some instances, not many, these authorities have been set up. Certainly in the instance with respect to which I am going to speak, that of the Etobicoke conservation authority, it was properly set up.

Before the plan was finally put into operation, we had one of the most disastrous floods that have ever affected our part of the province in many years. I wish to point out that in my own town of Brampton the floods descended upon us in a way that we have never had before. The damage in the business section of that town of over 6,000 people amounted to over half a million dollars. Those of us who went to see the damage and the site after the flood realized that losses of that kind were beyond the capacity of an ordinary municipality to stand. Certainly in the case of that municipality the damage is so great that we shall be some time in getting over it.

To divert the Etobicoke river at that particular point would cost a considerable amount of money. Depending upon the plans which have been prepared by the department of planning and development of the provincial government, and which have been approved by them, I think, the cost would run more than $360,000 for one plan and nearly $750,000 for another to divert the Etobicoke river.

As soon as this matter came up, the difficulty we faced was that, while the provincial government was prepared to put up 37½ per cent and the municipalities involved were prepared to give their share, the dominion government was not anxious to bear its share of the cost. The minister and I are too good friends for us to have a personal quarrel about a matter of this kind. He has been most courteous. His reception of the delegates who came here left nothing to be desired, but I wish to point out that from the standpoint of the policy of the government I think it is wrong. Before the government goes any further, it should announce a policy with respect to these control and conservation authority schemes and not allow the province of Ontario to have to bear the entire cost of the whole 75 per cent of the flood control scheme. If there ever was a reasonable case presented, and one that ought to have commended itself to the administration, this was one. I know the government takes this position: We are not interested in, nor have we any jurisdiction over, waters that are not navigable; why, therefore, should we have any part in this?

Mr. SPEAKER: Order. I am sorry to interrupt the hon. member, but I think it is my duty to point out to him that the question before the house is a bill to amend the Prairie Farm Rehabilitation Act, and I do not consider his present remarks relevant to the bill.

Mr. GRAYDON: With all due deference to to you, Mr. Speaker, I do not think you were in the chair when I began to speak, or I would have made myself clear. What we are trying to do is to have the principle of prairie farm rehabilitation, at least in certain respects, apply to other parts of the dominion, and for that reason I submit that I have a right to discuss the point I raised. In any event I am coming to the conclusion of my remarks.

I did not intend to transgress, nor did it occur to me that I was not in order in bringing up this matter. I do not wish to have any argument with Your Honour, because you always get the best of it. I would point out to Your Honour, however, that it would be only fair for me to finish these remarks, because to leave the record on *Hansard* as it stands would not be fair to the house or to the public, nor would it be fair to myself.

So far as the dominion government's position is concerned, it has already created a precedent on the Grand river, on the same basis as proposed under the Ontario conservation authority legislation, where there is a dominion contribution of 37½ per cent. We consider that, so far as the Etobicoke basin is concerned, we are entitled to the same sort of deal as the people in other parts of the province have received from the dominion.

I was never more convinced in my life of people having a good case for a dominion contribution than I am in this instance, and I hope the minister's mind is not closed against us, despite the hints he has dropped from time to time in the house. We should like at as early a moment as possible a decision in this regard, and I hope we may look forward to a favourable decision. I do

not think we are asking for anything more than our municipalities in that part of Ontario are justly entitled to.

Mr. J. A. CHARLTON (Brant): Mr. Speaker, I cannot allow this opportunity to pass without thoroughly endorsing what has been said by the hon. member for Broadview (Mr. Church) and the hon. member for Peel (Mr. Graydon).

Mr. FOURNIER (Hull): On a point of order, Mr. Speaker, if we are to have a debate on flood conditions, a question that has nothing to do with the bill before the house, I shall have to take part in the debate, and I do not think I could do so and be in order. The subject raised by the hon. member for Peel is not at all relevant to the principle of the appointment of a director of prairie farm rehabilitation. I cannot see the relationship at all. I have listened attentively to the hon. member. I said we would give unanimous consent to the statement of his grievance. He said he would like to know whether the government would decide upon some policy in these matters of flooding, and he described the conditions in his districts, but I am sure he was absolutely out of order.

Mr. SPEAKER: As the minister has properly observed, the discussion that has been taking place is irrelevant. The title of the bill is clear. "An act to amend the Prairie Farm Rehabilitation Act." I would refer the hon. member also to what is set out in the explanatory notes:

> The minister may appoint temporary technical, professional and other officers and employees as he may deem necessary and expedient for carrying out the provisions of this act and the salaries and expenses of such officers shall be fixed by the governor in council.

The object of the bill is to authorize the minister to appoint certain officers, and I would ask hon. members to confine their remarks to that principle.

Mr. CHARLTON: I think I can do that, Mr. Speaker. I was going to make certain remarks on the principle of the bill; but, having heard the hon. member for Broadview and the hon. member for Peel speaking of the Ontario flood situation, which is quite serious in many localities, and in view of the fact that the Grand river, which has been mentioned, is in my riding, I thought I would refer to that question briefly. However, if Your Honour rules that I cannot do so at this time I shall confine my remarks to the principle of the bill.

I was going to wait until the bill had gone into committee to ask the minister a few questions, but on reading the bill and comparing it with the original bill passed in 1935, it strikes me that we are going rather far with respect to the authority of ministers to make appointments, as for instance in the case of crown companies. It might be all right for the minister to appoint temporary employees, but I do not think it is right for him to make appointments outside the civil service commission under the Prairie Farm Rehabilitation Act so far as permanent employees are concerned.

This is a precedent, applicable perhaps to this one particular person, and possibly the best way in this case. But the minister himself said this afternoon that the bill was being drawn up for that simple purpose and, notwithstanding that, in another part of his speech—if I am wrong I would ask him to correct me—he said the associate director also might be appointed outside the civil service commission.

Mr. GARDINER: The act is in that form now. I could select both the director and the associate from anywhere in Canada, including the civil service, but if they were selected from within the service they would not be entitled to superannuation. That is what the bill deals with.

Mr. CHARLTON: The bill provides that the minister may appoint a director of rehabilitation and an associate director of rehabilitation, and the present section provides that the minister may appoint such temporary technical, professional and other officers and employees.

Mr. GARDINER: That is only temporary in the legal sense. Mr. Spence, who was the original director, was appointed ten or twelve years ago under that provision and was director until he was put on the international commission. I could appoint anyone else in just the same way, with whatever salary the governor in council decided he should have, whether he was in the civil service or outside.

Mr. CHARLTON: Under the bill the minister may appoint a director and an associate director of rehabilitation. That means not only this particular appointment but any future appointment, should the person now to be appointed pass away. It is left entirely in the hands of the minister who that director and associate director shall be. They are permanent employees, and I do not agree with the principle of making these appointments absolutely outside the civil service commission, when similar positions have to go through the commission. I do not think the principle is a good one.

Mr. J. R. MacNICOL (Davenport): Mr. Speaker, unfortunately I was on another committee when the bill first came up, and I do not know that anyone has said anything about the former director. At any rate, I should like to say a word about him.

The former director of the prairie farm rehabilitation program, Mr. George Spence of Regina, is now engaged, I believe, on another government program in connection with the St. Mary river, the Belly river, the Waterton river and the rivers flowing into southern Alberta from the United States. On that he will do a fine job, for in all my experience I have never met a man who was more interested in his work, and more sincere in carrying it out than George Spence was in the direction of the prairie farm rehabilitation program. I have been all over the province of Saskatchewan with him or his engineers, and I have also been in Alberta with one or other of them. Everywhere I went I found them spoken of in the highest regard. I found everywhere that everybody looked up to George Spence for advice and information and the promotion of prairie farm rehabilitation. I was sorry when I read that he had been moved from his post as director to the post to which he has been appointed. But I know he will do a grand job in his new post. From all I can hear about the man who has taken his place, he, too, will do a grand job in the prairie farm rehabilitation program. I believe I met him on a trip I made to the experimental farm at Swift Current. I took to him right away as a sincere and honest man, and that is the type of man I like to work with in supporting any program.

As Your Honour knows, I have been a warm supporter and advocate of prairie farm rehabilitation and I propose to continue as one. I felt it was up to me, having had so much to do with George Spence—inasmuch as nothing had been said about him; and I know the minister could say a great deal more than I can—just to express, as a member of this house, my appreciation of the grand job of work that was performed by a member of the staff of the prairie farm rehabilitation program.

I am not going to talk about the other matter that was under review when I came into the house, namely flood control. I will just say this, your own province, Your Honour, can do with a great deal of flood control. There are some fine rivers in that province, because I have surveyed many of them. On an appropriate occasion I will support a program of flood control all over Canada.

Mr. VICTOR QUELCH (Acadia): The east central part of Alberta, Mr. Speaker, has a great interest in prairie farm rehabilitation.

Many small dug-outs and dams have been completed. Unfortunately this spring, owing to the heavy run-offs, a large number of dams have apparently been washed out, creeks and rivers have flooded and this water has been lost. Yet in a few weeks now, no doubt, if history repeats itself, a great deal of this land will be parched severely and in need of water.

For many years in that part of the country there has been a great deal of interest in a project which is now known as the Red Deer diversion project.

Some two years ago the minister informed us in this house that the surveys had been completed and were being placed before a competent engineer for investigation; and that then, if the report was satisfactory, the government would be ready to go ahead with construction. I remember that at that time he stated that he did not know whether it would be possible to let a contract for construction that year, and that it might have to wait until next year. That was two years ago; and now, two years later, we seem to be farther off than ever. Now it is not a question of the contract being let this year. It is a question if we get the scheme through in maybe three or four years from now. Now we seem to be running into trouble with the water board. The three provinces apparently cannot agree among themselves. I do not want for one minute to give the impression that we in Alberta want to hog the water from these rivers. The waters we would be using would be flood waters, and I understand that the mean flow of the rivers would not be changed. It would not be a question of taking the water away from any other province. We would be merely conserving the water that would be otherwise lost.

Mr. MacNICOL: That is right.

Mr. QUELCH: I understand from the minister now that Alberta and Saskatchewan have pretty well reached accord with the federal government.

Mr. GARDINER: In Manitoba too. They are not in agreement with what we wanted to do, but we have compromised with them. We have agreed, and are trying to get along.

Mr. QUELCH: Can I now say that the situation, in so far as the Red Deer diversion is concerned, is that just as soon as St. Mary river project has been carried out and the additional dams on the Bow river project are completed, there is every good reason to believe that the federal government will be able to go ahead with the Red Deer diversion scheme? Is that a fair statement?

Mr. GARDINER: I think it would be better to answer questions in committee. I may say that we have gone a little farther than the hon. member is suggesting. This year we are putting in a dam which will serve about 7,000 acres in that area.

Mr. QUELCH: Yes. But that has nothing to do with the Red Deer diversion.

Mr. GARDINER: It would be part of it.

Mr. QUELCH: It is merely surface run-off water, is it not? It has nothing to do with damming that river.

Mr. GARDINER: It is part of the same project.

Mr. QUELCH: A very small part.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. CHARLTON: On division.

Mr. SPEAKER: On division.

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

On section 1—Officers and employees.

Mr. ROSS (Souris): I should like to ask the minister a question. I imagine there is only the one section to the whole business. It has to do with this controversy that has been going on especially between the hon. member for Brant and the minister about the appointment of other officials than the one mentioned, namely the director. Suppose, shall we say, laymen—that is, officials—are appointed in the future who are not under the civil service at the present time. Does that mean that a pension is provided for them, that they are superannuated apart from the civil service? I am not just clear on that section.

Mr. GARDINER: There is no other official affected by this at all, except the one official that is now in and one new one. That is, the director has been Mr. Spence; and we are replacing him by Mr. Thomson, who is already a civil servant. The amendment affects only that appointment and one other appointment which we have not had in the past; we have not had the position of associate in the past. That will be the associate director who will be located at Ottawa. The position taken by the hon. member for Brant who spoke a moment ago was, I think, that if at some future date we appointed some other person who was not a civil servant, he would by that appointment become a civil servant. I think, strictly speaking, maybe that would be correct. But he would not be entitled to any superannuation for any past service at all. If he became a civil servant he might become entitled to superannuation to the extent that he earned it. That is, if he were there for five years, he would be entitled to whatever five years gives him; and if he were there for ten years, he would be entitled to whatever ten years gives him. But he would have no past service counted on coming into the position.

Mr. ROSS (Souris): The section reads:

> The minister may appoint a director of rehabilitation and an associate director of rehabilitation, and such temporary technical and other officers and employees as he may deem necessary and expedient for carrying out the provisions of this act . . .

Mr. GARDINER: What that means is that the two first ones are permanent and the others are only temporary; and no temporary comes under superannuation.

Mr. ROSS (Souris): That is the point I wanted to get at. I thought the whole staff might be brought under it.

Mr. GARDINER: No.

Mr. CHARLTON: How many other permanent employees are there?

Some hon. MEMBERS: Six o'clock.

Mr. GARDINER: There are no other permanent employees under P.F.R.A.

Mr. CHARLTON: They are all temporary except the director and associate?

Mr. GARDINER: They are all temporary until now. This will make it possible to make those two permanent; that is all.

Mr. CHARLTON: And all future appointments to director and associate director which may be made by the minister outside of the civil service will come under superannuation?

Mr. GARDINER: Just those two positions, yes. They will be civil servants. This one is a civil servant.

Mr. CHARLTON: He is a civil servant now. The minister admits he can appoint someone outside the civil service to the job, and he admits also that that person will get pension from the time he starts in that job as a civil servant. He admitted that a moment ago.

Mr. GARDINER: That is right.

Mr. CHARLTON: So that any future appointments in the two positions could be made outside the civil service and by the minister himself, and they would receive a pension, the same as a civil servant.

Mr. GARDINER: Provided that the governor in council agrees.

Mr. KNOWLES: It does not say that.

Mr. CHARLTON: It is the minister who makes the appointment; the government fixes the salaries.

Mr. GARDINER: That is an important part of it.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BURTON: Would the minister be in a position to say what salaries will be connected with the appointments to be made under this bill?

Mr. GARDINER: They have not been set. As will be noted, the treasury board and the governor in council have something to say about that. When this bill goes through, the appointments will have to be made and sent to the treasury board and the governor in council. Mr. Spence was employed years ago at $6,000 and he never asked for an increase and was never given one. I am sorry for that because I was partly responsible. Those who hold similar positions in the department at the present time are drawing $8,000.

Mr. BURTON: Do I understand the minister to say that the treasury board would have some say as to what salary would be paid, or do they deal only with superannuation?

Mr. GARDINER: What usually happens when an appointment is made is that the matter of salary is referred to two bodies, the civil service commission and the treasury board. Appointments made under the Prairie Farm Rehabilitation Act go to the civil service commission in order that they may compare the salaries proposed with the salaries paid in other branches of the service. Then they go to the treasury board to be checked. Salaries are not allowed to pass the treasury board unless they bear a proper relationship to salaries elsewhere.

Mr. BURTON: What was Mr. Thomson's salary? The minister gave that paid to Mr. Spence.

Mr. GARDINER: Mr. Thomson's salary has been lower because he is in a classification similar to that of superintendents of experimental farms. I think it is under $5,000.

Mr. MacNICOL: How are the engineers and others associated with the work of P.F.R.A. appointed?

[Mr. Charlton.]

Mr. GARDINER: Under the act the minister may make all appointments, but as I have suggested those appointments must go before the civil service and the treasury board. Then the recommendations of both bodies are submitted to the governor in council and the salary is set by order in council.

Mr. MacNICOL: The bill states:

> . . . and such temporary technical and other officers and employees as he may deem necessary . . .

Would that include the engineers on dams that are to be erected in future?

Mr. GARDINER: Yes. Up to the present every employee of P.F.R.A. has been rated as a temporary, although some have been with us ever since the plan was set up. This means that they are not members of the civil service and do not come under superannuation.

Mr. MacNICOL: I remember travelling across Alberta and Saskatchewan in company with some engineers and I asked them casually what salaries they were getting. They seemed to be quite low for men of their qualifications. I do not know whether I asked them if they were university graduate engineers, but from my conversation with them I decided that they were pretty good men.

Mr. GARDINER: Just before the hon. member for Davenport came in, I stated that salaries are suggested by the P.F.R.A. organization in the first instance, and we suggest them on a little higher level than other similar salaries because the persons appointed do not have the benefits of superannuation. In other words, they are not permanent civil servants. When we make that proposal it goes to the civil service commission where it is checked to see that the salary proposed is in line with that paid in other positions. Then it goes to the treasury board where it is checked again. If there is any doubt the minister of the department, in this case the Minister of Agriculture, has to explain to the treasury board why the salary should be what he is proposing. Then it must go to council to be passed by order in council. So far as I am aware, these men are all graduate engineers and some of them are among the best engineers in this particular work in Canada.

Mr. MacNICOL: Have some been lost from P.F.R.A. to the Alberta government?

Mr. GARDINER: Yes. Mr. Russell, who was chief engineer from the beginning of P.F.R.A., was previously connected with the old interior department here in Ottawa. When the resources were transferred to the western

provinces he was without a position. He then took employment with P.F.R.A. As a matter of fact, many of the men who came into the organization when it was first set up had been with the old interior department.

Mr. CHARLTON: This word "temporary" appears to be a little misleading. As we all know, there are many temporary employees in the civil service who are getting annual salaries. Can the minister tell us how many temporary employees there are under P.F.R.A. who receive annual salaries? Will he tell us also if those temporary employees who are receiving annual salaries may undertake any other work as a sideline?

Mr. GARDINER: The whole staff of P.F.R.A. is temporary, but they are temporary in the sense of the language of the bill. "Temporary" simply means that they are not civil servants and do not have the benefits of superannuation. It is not our term; it is the term used by the Department of Justice in order to express what is desired.

Mr. CHARLTON: The minister has not said how many receive annual salaries?

Mr. GARDINER: I could not say offhand. I assume that when we get into my estimates the figures will be in front of me and I shall be glad to give them. The number would be between 200 and 300.

Mr. CHARLTON: Can those employees take other work?

Mr. GARDINER: Full-time employees cannot take other work, but there are temporary employees who come on only in the summertime. Then there are student engineers who go out with engineering parties in the summertime and then attend university in the winter. Practically all the survey parties are made up of engineering students.

Mr. McLURE: The authority of the minister exceeds that of the civil service commission, because they have nothing to do with appointments. The minister appoints all the officers in this organization and then says to the civil service commission, "Here, make them civil servants". Is that not the sum and substance of it?

Mr. GARDINER: That is pretty much the sum and substance of it. I may say that the act was first drafted by the government of Mr. Bennett and it has been adopted pretty much as it was then.

Mr. CHARLTON: There is a difference. The minister admitted this afternoon that these two are to be permanent employees. Officers of other departments have to be appointed by the civil service commission, but the minister has the right to appoint anyone he pleases, and they come under the Civil Service Superannuation Act. Is that not true?

Mr. GARDINER: That is true of these two men. They will become permanent employees, and my hope is that I shall never have to appoint another one. They are both much younger than myself.

Mr. BOUCHER: Not after this year anyway.

Mr. CHARLTON: Until the act is further amended, the minister can appoint anyone he pleases to these two positions.

Section agreed to.

Bill reported, read the third time and passed, on division.

SUPPLY

The house in committee of supply, Mr. Golding in the chair.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $234,297.

Mr. TOWNLEY-SMITH: Mr. Chairman, I have always been so much impressed with the importance of agriculture, that is, the growing of foodstuffs, that I am always concerned when I see the estimates of this department being reduced. When I find, by looking at the estimates for this year, that we have the sum of $13,000,000 of appropriations marked "not required for this year", it does seem a pity that that $13,000,000 could not be applied on various other items for the improvement of agriculture.

I wish to say, however, that I feel the minister has done an excellent job in his department. It is always interesting to me as an agriculturist to listen to what he has to say. I am not admitting that I am particularly enamoured of some of his policies, but when he has once made up his mind to pursue a certain path I think he does an excellent job and does what he believes to be the right thing.

Mr. GARDINER: I did not bring in any oleomargarine anyway.

Mr. COLDWELL: Leave that to the senators.

Mr. TOWNLEY-SMITH: It should not be necessary in a country like this to emphasize the supreme importance of agriculture, but I feel that in Canada we treat the whole question too lightly and thoughtlessly. We have so much of the essential foodstuffs that we do not

give the matter very much thought. We take it for granted that we shall always have plenty, and I hope we always shall, but I should like to see every opportunity seized to lay before the members of this house and the people of this country the supreme importance of foodstuffs in this world.

The fact is that our potential population is outgrowing our potential production of foodstuffs. Agriculture is said to be the backbone of the country. As a rule, if the backbone of an organism is injured, the whole complex structure is in danger of deterioration. A careful reading of history discloses the fact that when the old civilizations were at their zenith, their agriculture, primitive though it was, was of the utmost importance and was both zealously guarded and encouraged. The realization was never lost sight of that disaster would be uncomfortably close if anything should happen to the growing of their foodstuffs and if their farmers were not completely protected both in the military and in the economic sense.

The value of foodstuffs was recognized as paramount in all these ancient civilizations; and, with the possible exception of Rome, the greatest care was exercised for many years to help their agriculture, to guard it against aggression by their warlike neighbours, and, what was equally important, to keep it economically stable and to give it that pride of performance without which no industry seems to be able to survive.

In every case, however, we find a gradual carelessness becoming apparent; a tendency to relegate agriculture or farming into a lower strata of human endeavour; to make of it a peasantry occupation; and it was at that point, we read, that the might of the nation began to wane. All these great and mighty empires long since have perished, and have been buried in the dust of humiliation and defeat. It is no coincidence that they followed their agriculture into oblivion. It is true that our own immediate situation is different, in that our own needs are in no great danger of being depleted to the point where we ourselves may have to go hungry; but unless we are willing to learn by the mistakes of others, we may find history repeating itself.

No nation seems to have been able to endure without a prosperous agriculture. For a short time it might, but eventually the position of agriculture in the economy of the nation appears to have established the stability of the economy itself.

I find that Doctor Walter Wilcox, of the University of Wisconsin, has called attention to the impact of world war II on pre-war food

[Mr. Townley-Smith.]

production patterns of the world. He tells us that before the war, from 1935 to 1939, Asia, continental Europe and North Africa between them produced 68 per cent of the world's foodstuffs. North America is quoted as having produced 12 per cent of the world's food. That situation, of course, during and since the war has completely changed, and we find ourselves in the position of being responsible for a much greater percentage of the necessary food for the world in which we live. I was quoting history a few moments ago. An old Greek philosopher Xenophon who, incidentally, was not a farmer and not an agriculturist, but a philosopher and a general, a soldier, a disciple of Socrates, and who lived probably 400 years B.C., had this to say. I think the committee will find it interesting. Talking about farming, he said:

> Yet tho it offers blessings in the greatest plenty, it does not permit us to take them in idleness, but requires us to accustom ourselves to endure the colds of winter and the heat of summer; to those whom it exercises in manual labour, it gives an increase of strength; and in such as only oversee the cultivation of it, it produces a manly vigour by requiring them to rise early in the morning and forcing them to move about with activity, for in the country as in the city, the most important matters are always done at a stated season.
>
> I should be surprised for my own part if any man of liberal feelings has met with any possession more pleasing than a farm or discovered any pursuit more attractive, or more conducive to the means of life than agriculture.
>
> The earth also kindly teaches men justice, at least such as are able to learn: for it is those who treat her best that she recompenses with the most numerous benefits.
>
> He also said well, who pronounced agriculture to be the mother and nurse of other arts; for when agriculture flourishes, all other pursuits are in full vigour; but when the ground is forced to lie barren, other occupations are almost stopped, as well by land as by sea. Agriculture is an art that renders those who understand it rich, and leaves those who do not understand it, however much they labour in it, to live in poverty.

Since we have been allowed to live in a land which produces enormous quantities of foodstuffs, it does seem to me that we have a definite responsibility toward the rest of the world in growing as much as we can possibly grow and in as good quality as we can possibly secure. It is a duty as well as a responsibility, and I think an appeal should be made to the hearts of all the people who are concerned, and indeed to those people who are not closely concerned, to try to realize as a tremendous fact that, since we have the land and are able to grow this food, it is our business to do it to the best of our ability. If, however, it is not possible to appeal to the

hearts it might be possible to appeal to the heads, because, if I may quote Xenophon again:

When agriculture flourishes all other pursuits are in full vigour.

I wonder whether we have noticed that in this country. If we have noticed it, why have we not taken advantage of it? If we do admit that to be the fact, then surely there is something that we can do about it that we are not doing because, from my own experience of a good many years, agriculture has rarely been in a flourishing condition. I have also noted that when agriculture is not in a flourishing condition other industries of the country follow it along the same track.

I should also like to point out that if the farmers of our country have sufficient money to enable them to buy necessary things they will keep practically every industry in this country busy for a long, long time. There are so many things that they have not got, that they require, want and would be willing to buy, if they had the wherewithal, that they would keep industry going for a long time The other day the minister spoke about electric wind chargers. I venture to say that a very small percentage of Canadian farmers have electric wind chargers, but I also venture to say that they would all like to have one and undoubtedly would all buy one if they could get in the position where they had the money to spend on it. The same principle applies to other things. The home market, the guaranteed market, not the one we have to compete with other nations or other countries to hold or to secure, is there waiting for us if we could only do something for these people to put them into that position, to put them into what Xenophon calls a flourishing position.

That there is a decline in our own agriculture is shown in the *Livestock Market Review* of April 29. In that review we find that the sows, which are the breeding stock of the hog industry, killed from January 1 to May 6, numbered 56,138. In that short period of time thousands and thousands of other young sows were also killed. These sows would be classed among our A's and B's in the hog classification, sows which could have been and probably would have been used as breeding stock if conditions were favourable for them to be so used.

From January 1 to April 30 the quantity of hogs had decreased from 1,836,618 to 1,335,000, which represents a decrease of 27·4 per cent. Obviously something is slipping. I should also like to refer to the creamery butter output in my own province of Saskatchewan. This report is a year old. Probably the situation is even worse today. There was a decrease in the production of 1946 from 1945 of slightly more than 20 per cent.

I should like to talk about one other thing for a few minutes, namely the work of our scientists. When I first came to this country a good many years ago the limit of the wheat-growing land in Canada was very much farther south than it is at the present time. The farmer is said to be the last outpost of rugged individualism. I think that is the way it was put. I do not know of any other man who has depended so much upon the work of the scientist as has the farmer. When I first came to this country I could not grow wheat on my farm; it took too long. The old Red Fyfe wheat which was being used in those days had not sufficient time in that part of the country to mature. The scientists went to work and very soon had a variety which was much earlier, and now it can be grown not only on my own place but 100 miles north of where I live, which is a long way north. It means 100 miles north of Prince Albert. It is entirely as a result of the work of the scientists that this has come to pass.

I have glanced through a bulletin called "Scientific Agriculture," and I find in it a little item about a disease which is familiar to western men. Hon. members from the west will readily recognize it when I say I am referring to rust. I wonder if hon. members realize that in one year, 1916, the losses from rust amounted to 100,000,000 bushels in western Canada. The cash value of those losses in that year was $234 million.

I said that in 1916 we lost 100,000,000 bushels. In 1927 we lost 90,000,000 bushels and in 1935, over 87,000,000 bushels through this disease alone. I also pointed out that the value of the wheat in one year, 1916, was $234 million. The agricultural estimates for this year are $41,822,000. That is being set aside to take care of a loss that might happen again and might easily be $230 million. That does not seem very much to set aside. The loss in the year I have mentioned was almost six times the estimates of this year.

Other things are happening too. It is extraordinary that when we find a way to combat either a disease in plants or an insect pest or something of that kind, the plant disease or the insect pest finds a way of evading the cure. The bacteria find a way to outwit or to overcome the treatment imposed upon them, and it is an everlasting job. These

men must stay on the job all the time; their activities must never cease.

We had rust resistance long ago; nature provided it. We were never without rust resistant wheat, but the wheat that was rust resistant was no good for flour or bread, and again we had to go to the scientists to cross-breed a good quality variety with these rust-resistant varieties, which would provide us with something that would keep us in the wheat market so that we would not go absolutely broke when we tried to grow wheat.

There is trouble with other things besides grains. There are diseases in animals; it will take a long time for scientists to cure such diseases, and the fewer the scientists we have, the longer that time will be.

At this point I might be permitted to make a few comments on veterinary surgeons. When I was home at Easter I discovered in one part of the province a severe attack of Bang's disease and almost all the herds in that particular corner of the province had to be slaughtered. I have complained every year since coming here that the number of "vets" has been entirely too limited. More should be supplied or some method found to train more men for this particular service.

I am happy to say that in my own province the government has provided for scholarships to send men who are interested in veterinary work to the Ontario Agricultural College at Guelph where they specialize in this particular science.

I would ask the minister to consider doing something in the way of scholarships, or offering a remuneration of some kind, or some financial assistance to enable men, who cannot afford to pay their way, to attend these universities where they can pick up this particular science.

In conclusion, I should like to pay my respects to a man who has recently been superannuated from the central experimental farm, a man who has been responsible for a great deal of this plant work. I refer to Doctor Newman, dominion cerealist, who has been engaged in these activities for many years. I should like him to know that I, as a farmer and an old-timer in the west, appreciate the work he has done, and further, as an earnest of this appreciation which we should all show, I should like to see more funds allotted to take care of the training of men and the provision of research opportunities for our scientists.

I know that a good deal of money is spent on it, but I think it is insufficient. That applies not only to the resources at their disposal but also to the salaries which they receive. The loss of men is still going on and the principal reason is that they are going to better jobs, jobs which are better paid. Only in the last week one of the best men, in fact the only man they have ever had in the university at Saskatoon who has been making a special study into root systems, left the university, having gone to a job with an industrial firm. Now, as far as I know, that leaves the whole agricultural set-up without a man who has made studies in that direction.

These studies have been valuable, that being one angle of agriculture which no one ever thought of before, namely, exactly what a root system looked like and what it was responsible for. We knew that by putting in barley it smothered weeds; but why? We did not know except in a general way. It was sufficient for us to know that it did. We have found out that the principal reason for its doing so is the fact that it has a special root system. It has helped us because, knowing how the roots behave, we can govern ourselves accordingly.

Mr. BLACKMORE: Mr. Chairman, I had desired to devote some time to a discussion of the general topic which has occupied the hon. member who has taken his seat, namely the over-all importance of agriculture in the world in which we live. In the course of my discussion on that matter I was desirous of drawing the attention of hon. members to the possibility of rehabilitating some of the soils that have tended to become depleted and of preventing further depletion of our soils. May I direct the attention of the committee therefore, for a short time, to the question of the beet sugar industry as considered from that standpoint?

The beet sugar industry is an exceedingly important industry to Canada at the present time, far more important than it seems possible to get the average individual in the country to appreciate. It will ensure to Canada a sugar supply in peacetime and in wartime, and will ensure that supply at moderate prices. It will help to safeguard the economy against inflation. The beet sugar industry will stabilize agriculture as few industries in the country can. It will provide much employment for Canadians, and it will provide the cleaning cash crop that is essential to long-range successful irrigation projects, especially those on the prairies. The beet sugar industry will greatly augment Canada's real wealth and will conserve and improve Canadian soils.

May I discuss particularly this evening that aspect of the beet sugar industry in virtue of which it will conserve and improve Canadian soils. Before doing so, may I talk briefly regarding the general need in the world for

conserving soils and for rebuilding or rehabilitating the soils of the world. Until recently I had not had any kind of realization of how serious is the world's position with respect to its soils. May I pass on to the members of the house some of the considerations which have alarmed me to some extent. There is a rapidly growing shortage, as the previous speaker pointed out, of acres of land for the two billion-odd people in the world and that number of people is now rapidly increasing.

A book which will repay reading on the part of any member of the house and any person in the country is one that has just been published by Mr. Fairfield Osborn. It is entitled "Our Plundered Planet." It was published in Toronto by McClelland and Stewart Limited in March, 1948. According to this writer, there are only about 16 billion acres of land in the world that could be thought of as originally favourable to the habitation of man. There are not more than four billion acres of arable land left, or less than two acres per capita. According to a United States department of state study, there were less than two and a half billion acres under cultivation before world war II. According to the best informed men, it takes two and a half acres of land of average productivity to support even a minimum adequate diet for each person in the world. Many countries have less than one acre per person.

These figures are sufficient to show how serious is the situation which confronts us as a world right now. The wastage of land has been and is alarming in Africa, as is developed in chapter VII of the book; in Australia and New Zealand, as is developed in chapter IX; in South America—which one eminent authority has characterized as being a "vanishing continent"—as is developed in one portion of the book; in Mexico and other world areas. These come near to home. I had not realized before I read it in this book that it takes between 300 and 1,000 years for nature, under the best circumstances, to build one inch of topsoil. The one inch that we see carried away in a windstorm therefore represents nature's work of 1,000 years. Soil is not an easy thing to replace.

Proper agricultural methods, which are now well understood, are capable of preventing this destruction of soil. Until recently I had had the idea that science could play a much greater part in the production of foods for man than the writer of this book is inclined to think. He tells us that science cannot replace nature in providing food or in guaranteeing health. Both food and health can come only from a healthy soil. He discusses this matter in chapter V of his book under the heading, "The Flattery of Science." May I quote from pages 75 and 76 of his book:

> The issue might as well be clearly drawn. The problem is how to conserve the remaining good natural soils that exist on the earth, together with the complementary resources of forests, water sources and the myriads of beneficial forms of animal life. There is no other problem. If that is not solved the threat to human life will grow in intensity and the present conditions of starvation that are already apparent in the various parts of the earth will seem as nothing in the years that lie ahead.

He closes his book with this solemn passage:

> The tide of the earth's population is rising, the reservoir of the earth's living resources is falling. Technologists may outdo themselves in the creation of artificial substitutes for natural subsistence, and new areas, such as those in tropical or subtropical regions, may be adapted to human use, but even such recourses or developments cannot be expected to offset the present terrific attack upon the natural life-giving elements of the earth.
>
> There is only one solution. Man must recognize the necessity of co-operating with nature. He must temper his demands and use and conserve the natural living resources of this earth in a manner that alone can provide for the continuation of his civilization. The final answer is to be found only through comprehension of the enduring processes of nature. The time for defiance is at an end.

What is the general importance of all this to Canada? I believe every member of the house, after he examines these facts, will realize yet more that it is very serious. What have we done with our soils? All one needs to do is to look over the farms in Ontario in many parts, the farms in the maritime provinces in many parts, and the farms in certain western areas and to note the great number of them now deserted, in order to be impressed to some extent with what we have done.

What are we doing? I submit that, considering the wastage now going on in Canadian agricultural areas, what we are doing is meagre indeed. I am sure the Minister of Agriculture (Mr. Gardiner) who, more than any other minister who has ever had responsibility in Canada, has done much for the arresting of the decay or deterioration of the soil, will be the first to acknowledge that our efforts are far short of what is necessary to keep our soils from deteriorating further.

The question then is: What shall we do? That problem is not easy to answer in full. However I should like to make one or two observations which might be of some value in connection with the general answer to the problem. Are there crops which will rebuild the soil and at the same time pay returns? That is the question which would be asked first and foremost. And the answer must be that there are such crops.

One of these crops which will give very satisfactory returns, and at the same time rebuild the soil—in fact make it better than it ever was—is the sugar beet. May I for a time discuss the facts which will support the statement I have just made. Germany between 1870 and 1903 so improved her soils through sugar beet culture, and the crop rotation necessary in that culture, that she increased the production of her soils in respect even of cereals from 14 bushels to the acre, when she commenced the culture of sugar beets, to 34·9 bushels per acre at the end of the period I have indicated.

That was a genuine achievement. Over the period between 1879 and 1909 Germany became the greatest grower of sugar beets in the world. She increased her average yield of cereals by 80 per cent during that period. Over the five-year period of 1919 to 1923 Germany's average yield of wheat was 26 bushels per acre, while Canada's average during the same period was 16·04 bushels. Considering the fact that Germany is a very old country, having been the scene of civilization in the long ago, while Canada is a brand new country, I believe those figures ought to bear considerable significance.

Here are some statements which have some weight in this connection. In a statement issued by a conference of continental experts on beet cultivation, convened by the economic committee of the league of nations, the French expert stated:

> As beet growers we are concerned less with the production of sugar in itself than with the capital importance of the production of beet in our national economic lives.

Again in a report presented to the conference by Messrs. F. O. Licht, the well-known international sugar statisticians, it was observed that:

> The reason why all governments cling so stubbornly to beet culture is not to be found mainly in consideration of financial policy but in agricultural and social considerations. Beet culture in itself, without reference to sugar production, is for many reasons a vital condition of all intensive agriculture.

During the period of 1870 to 1903 Germany subsidized her sugar beet industry to the extent of $340 million. May I for just a moment comment upon what, on the contrary, is being contemplated today in Canada. We have been told in the house by our self-assured Minister of Finance (Mr. Abbott) that he will not support subsidies for the beet sugar industry. When we contrast his wisdom with the wisdom of the men whose words I have just read, we must wonder whether or not our brilliant young Minister of Finance has not been weighed in the balance and found wanting.

[Mr. Blackmore.]

How does the beet sugar industry conserve and improve the soil to produce the results which I have indicated? There are several means. There is nothing mysterious about it; there is nothing accidental. The cultivation required in order to produce good crops of sugar beets pulverizes the soil, deepens the tilth and aerates the soil, and consequently warms it, thereby making a fine and congenial environment in which soil bacteria may thrive.

All hon. members are familiar with the importance of bacteria in the soil. Mr. Osborn points out that the bacteria are the things which make the soil living; and he implies, if not definitely states, that anything but a living soil is not a healthy soil.

The beet itself definitely improves the soil, physically and chemically. A healthy sugar beet sends out a mass of tap roots through six cubic feet of soil. The decomposition of these tap roots enriches the soil. It leaves tiny channels all through the soil, through which water and air may penetrate. When one remembers that on an acre of a good stand of sugar beets there will be between 16,000 and 26,000 individual roots or beets, and when he reflects that each of these 16,000 to 26,000 penetrates six cubic feet of earth he begins to have some understanding of and some means of computing the possible net effect on the soil of all the tap roots sent out into the soil by that number of beets. And of course when the beets are taken up all the roots are left in the soil.

An important element in successful beet culture is crop rotation, something with which every member of the house is thoroughly familiar. The crop rotation which is in use in the preparation of land for sugar beets includes legumes, usually either alfalfa or sweet clover. All hon. members know that on the roots of a legume are found little nodules. In those nodules live bacteria which have the power to take from the air free nitrogen and fix it in the form of nitrates, thereby rendering it available to plants for use in the production of proteins.

Therefore the legume which comes regularly in the rotation every three, five, seven or ten years, according to the particular kind of rotation employed, adds nitrogen to the soil through the nodules. A legume also adds fibre to the soil through the roots, long and tough, which are thrust deep into the soil in every direction. A legume aerates the soil, thereby encouraging bacterial growth.

The importance of bacteria in creating healthy soil and in nourishing a healthy crop may be indicated by the following facts. Bacteria change organic matter to ammonia;

other bacteria change ammonia to nitrites while other bacteria change nitrites to nitrates. Consequently bacteria are responsible for the changing of organic materials such as manure and plant remains in the soil into forms available to plants. Consequently, if the soil is not congenial to the development of healthy growing bacteria it will be impossible for the soil to be thoroughly enriched by the application of manure. Bacteria pick up iron and render it available to the plant. Bacteria pick up phosphorus and render it available to plants. We realize, therefore, that there is a vast importance to be attached to bacteria in cultural preparations for crops. And so anything which stimulates the development of bacteria is of great value in the rebuilding, reconditioning and rehabilitating of the soil.

In all successful beet culture manure is spread. Manure constitutes a congenial environment for bacteria.

Almost all people who raise beets for sugar production carry on stock feeding as part of their operations, particularly the raising of beef and sheep. These two kinds of animals consume the beet tops which in southern Alberta, for example, are usually left on the ground and pastured by the stock from the ground after topping. It is quite obvious that if the stock are turned in on the beet tops and range over the field considerable fertilization results.

The tops from an average ton of beets will replace 150 pounds of alfalfa hay and 46 pounds of grain. The tops at the time of topping have a high feeding value for stock. Another by-product of sugar beet raising is beet pulp. A ton of siloed beet pulp is equivalent to 139·9 pounds of ground barley, 636 pounds of alfalfa hay and 44·2 pounds of beet molasses. Nearly every milk and butterfat producing record made in Europe and the United States has been made by cows fed beet pulp. The meat producing value of beet pulp is also very great. Then we have the beet molasses, which is the liquid that remains after all the sugar that can economically be taken from the beet juice has been extracted. In meat production the various by-products from an average acre of sugar beets, quite apart from the sugar produced, are equal in feeding value to that of the production of corn from an average acre.

In any good crop rotation used for the preparation of land for beets there will be, as I have indicated, alfalfa or a legume which produces a great deal of hay. There is always a great deal of straw produced when grain is raised upon land following beets. Consequently in any beet producing area there will be an abundance of hay and straw. From what I have said it can readily be seen by all hon. members that the beet producing industry is conducive to the raising and supporting of livestock.

May I spend just a moment to emphasize the importance of animals in the development of soil. When our forefathers came to this country there ranged over the plains tens of millions of buffalo, scores of millions of deer, wild animals of the widest variety and vast flocks of game birds. Now the wild life is largely gone and with it have gone the good soil effects that came from it. In the days that we all can remember we used livestock for power on the farm and for transportation. We used horses and our forefathers used oxen. Those animals enriched the soil, but they have now been replaced through mechanization. This is going to have a bad result upon our soil. There must be something consciously done in the conduct of our agricultural practice to make up for the loss which we sustain through the displacement of animals; otherwise we shall have no healthy soil, because healthy soil depends upon animal life. Animals raised in connection with the beet sugar industry will help.

To what extent would Canadian soil benefit from the beet sugar industry? If we were producing all our sugar requirements from sugar beets we would be improving regularly every year at least one million acres of our soil. It takes about 15,000 acres of beets to produce one-twentieth of Canada's annual sugar requirements. To produce our total yearly needs would require 300,000 acres. The ordinary crop rotation employed in the preparing of soil for the production of beets averages four years, although some rotations run as long as ten years. This means that there would be in process of rebuilding and reconditioning incident to the production of sugar beets at least 1,000,000 acres of our soil. What effect that would have on the future of Canada over the period of a hundred years is a consideration which we should not lightly disregard. I recommend that thought to the minister's most careful attention.

We could have beet sugar for export. The proposal is thoroughly feasible. But there has been such a determined propaganda, cunningly and in many cases lyingly concocted, and deliberately distributed throughout this country to disparage beet production that people have never come to realize that Canada is one of the greatest potential sugar-producing areas in the world.

Mr. CASTLEDEN: Can she compete with tropical countries?

Mr. BLACKMORE: I think so, with complete success. I shall deal with that aspect at some future time, as I do not wish to weary the house unduly now.

This matter of beet sugar culture and its importance, Mr. Chairman, is one which requires much study. It is impossible to deal with it all fully in one talk in this house. I say it is perfectly reasonable for Canada to contemplate the production of sugar for export. It is not generally known that Canada has been a considerable exporter of sugar in the years from 1916 to 1939. I have the figures here, which with the consent of the house I shall be glad to place on *Hansard*, but which I fear I shall not have time to read. They indicate that Canada has imported a great deal of cane, raw, refined it, and then exported it. That sugar might just as well have come from Canadian-produced sugar beets, going into the making of Canadian jams and other products.

The next question I may be asked is: Does the sugar beet thrive in Canada? The sugar beet thrives astonishingly well, especially in southern Alberta. I do not feel competent to speak for other areas, but I know what takes place in my own constituency. For example, I select one man, Ivan Harris, in the Taber area in my constituency. This man has produced 19·45 tons average per acre for eight years. That is a surprising yield. The sugar content in southern Alberta is extremely high. In the year 1939, for example, it was 17·688. There will hardly be an area on the American continent, except possibly California, where the sugar content would be so high. The extraction is always good. The production of beets is a thoroughly economic and profitable occupation.

What should we do to make sure that Canada will expand her beet sugar production? There are three things, Mr. Chairman, and I suggest to the minister most earnestly that he use his influence to the extreme to have these three things done right away this year. We are in danger of having one of our sugar factories in Ontario lie idle this year.

The main thing that should be done is to pay the beet sugar producers in Canada this year a price equal to the price which we are paying Santo Domingo cane producers for their cane sugar. Certainly it is the barest kind of justice to give your own producers the same price you are giving to foreign producers. That price would mean $8.64 per hundredweight at the refining centre.

I close by reading a statement from the submission of the beet producers in January, 1948, to the Hon. D. C. Abbott, a submission which I fear has been completely disregarded by that exceedingly wise young man. Here are three of the recommendations:

1. Guarantee the Canadian producer a fixed price for his 1948 crop made up as follows—Sugar (at San Domingo guaranteed price) $5 per hundred pounds, freight 40 cents per hundred pounds, duty $1.29 per hundred pounds and refiners spread $1.95 per hundred pounds, a total of $8.64 per hundred pounds at Canadian refining centres. This price to be adjusted at outside points to conform with the seasonal winter or summer freight rates.

2. Restore the fixed valuation and at a price of $5.65 per hundred pounds.

4. Announce approval of the above at the earliest possible date.

Up to the present time, Mr. Chairman, not one of those things has been done. In other words, the treatment that Canada has accorded her beet sugar producers has been shabby. It has been unbecoming on the part of any intelligent government in any progressive country in the world today. May I urge that the minister take steps immediately to see that this situation is rectified so that the production of beet sugar in Canada will expand?

Mr. POULIOT: Mr. Chairman, the hon. member for Lethbridge has spoken about the problems in his part of the country and he has shown some persistence in his advocacy of the improvement of the sugar beet industry. Good for him! But, sir, I want to say a few words about a problem that is most interesting to the farmers and the population of my part of the country, a problem with which the minister is thoroughly familiar, and that is the question of tuberculin tests in an area which has recently been established by the minister. For some time there has been a gap, and it still exists, between the counties of L'Islet and Rimouski. It was impossible for the farmers of the provincial counties of Rivière du Loup and Kamouraska to have tuberculin tests for their cattle. For many years we did not have any, and on that account it was impossible to buy stock from the farmers. Tuberculin tests are required by the farmers for their cattle and they are necessary also for the consumers of milk.

I had a lot of difficulty on account of the stupidity of an agronomist who has his office at Ste. Anne de la Pocatière and did not return all the petitions that were signed by the farmers of the three constituencies.

It is my duty to pay a special tribute to the provincial agronomists of the counties of Temiscouata and Rivière du Loup. They have taken a lot of trouble to try to secure an area for cheap tuberculin tests for the immunization of herds.

I had some correspondence with the minister, and he told me that a veterinary surgeon from my county would be appointed for our district, but at the same time there was a man in the department in Montreal who had assigned the very same doctor to the district of Rimouski. This was unsatisfactory, and I reviewed the case with the minister. He understood that there were many good reasons for granting my request. Now the area has been established, and I thank the minister for that. I ask him now when the tests will be made for the first time and be continued in Temiscouata county. I hope it will be soon.

Mr. GARDINER: May I reply to the last question? The matter was before me just this morning in a letter which was received in reply to a previous letter, and I have asked the officials to do everything possible to bring that area under inspection at an early day.

Mr. POULIOT: I thank the minister.

Mr. CASTLEDEN: I should like to ask the hon. member for Temiscouata a question. I should like to know whether the farmers in his area are still being required to purchase flour at the present time when they purchase feed, as he complained they used to have to do a year or so ago.

Mr. POULIOT: Well, I cannot tell my hon. friend what is going on now, because I have not been in contact with them as I was before the session. When I go home for a day or two I do not inquire about it, but I know that the facts I have stated are perfectly true. I regret very much that I am not in a position to tell him what the situation is now, and I know very well that, as soon as the session is over, I will meet my people who will tell me if there has been some improvement. I shall tell the hon. member now something that may surprise him very much. It is that large numbers of the farmers of my county, instead of buying feed from La Co-opérative Fédérée, are buying feed from grain merchants in Montreal and Quebec, and they are better satisfied in buying there than in buying anywhere else.

Mr. McCUAIG: I think I should say something at this time about the dissatisfaction among the farmers with regard to marketing and some other matters. For some time farm organizations have been petitioning and asking the government to bring in a marketing act, to establish floor prices for agricultural products, prices that will have some relationship to and be on a parity with the things farmers have to buy.

We have heard a lot about wheat prices. Dollar wheat is just as good to me as $2 wheat if one dollar will buy as much as $2. It is not the price; it is the things that wheat will buy. For a long time farm organizations have been asking for an agricultural marketing act with adequate farmer representation to market our farm products. If we had had that kind of act we would not have had the mess that we have been in this year in connection with coarse grains and hog prices.

I should like to read some letters which have been forwarded to me in connection with the hog business. I have a letter from a man who says, "I killed thirty-eight small pigs." Another says, "I killed a dozen pigs last fall as a result of higher grain prices." I have another letter which says, "I killed about thirty-four weaner pigs when the grain went up." I have a further letter which says:

> I had twenty-five brood sows and hundreds of small pigs of different size. I killed over a hundred weaner pigs and new-born pigs and sold all my sows but eight. Most of those sold were heavy in pig.

Another letter says:

> I did not kill any weaner pigs, when prices went up, but I did kill some when they were born and shipped sows that were ready to farrow.

It looks to me, Mr. Chairman, that in the coming year we shall not have enough pigs to supply pork for Canadians, to say nothing about exporting. These things seem to be pretty general in the part of the country from which I come and from the Alberta country around Edmonton where they have raised a lot of pigs. I believe the same thing is happening there. If we had a marketing board with farmers' representation on it, it would have been in touch with the government and would have taken a lot of responsibility off the government's hands. That would have been a very fine arrangement; but we were left absolutely in the dark in connection with all these matters. The same thing applies to wheat. There is great dissatisfaction among the farmers with respect to the sale of wheat over the past number of years, particularly domestically consumed wheat.

I calculated that we have sold 335 million bushels of wheat at thirty cents a bushel below the $1.55 export price. What farmers want to know is why they have to sell this wheat at thirty cents a bushel below the export price. I have been asked to find out why they were put in that position. No other business was put in that position. There was a ceiling price on domestically consumed wheat, although some time ago the Minister of Agriculture said there was never a ceiling price put on wheat. As I understand it, there was absolutely and definitely a ceiling price put on domestically consumed wheat,

because we receive no further payment on it. If a board had been set up with farm representation on it I am sure that we would not have suffered that loss.

I hold in my hand sessional paper 115A, dated February 4, 1948. This shows that in August, 1944, domestically consumed wheat sold at $1.25. There was a ceiling price of $1.25 to mutual aid countries till March, 1945. To non-mutual aid countries it ran from $1.35 to $1.52. From March, 1945, to January, 1946, the export price was $1.46 to $1.55 for mutual aid countries, but we were still supplying Canada with wheat at $1.25. In addition, Mr. Chairman, in December, 1947, class 2 wheat was selling on the world market at $3.29. It was only in February, 1947, that the price was raised from $1.25 to $1.55 on domestically consumed wheat. Can the minister explain why this amount of wheat that I have calculated at 335 million bushels was sold at that price?

I am very glad that the Minister of Agriculture is taking an interest in the dry parts of Saskatchewan from the standpoint of tillage. The hon. member for Lethbridge had something to say about beet growing and its advantages to the land. In our part of the country, carrying on dry farming, beet growing is entirely out of the picture. It is not practical in that part of the country where irrigation is not carried on. We have a strictly 50 per cent summer-fallow country which grows ten crops in twenty years. With the new method of tillage, using the combine and the one-way disc, I would say that we build up the soil instead of depleting it. If you have a crop of wheat it will take three pounds of twine to the acre to bind it. We do not get that every year. You only take the wheat; all the straw that is left, the chaff, you mix with the soil, and in the course of one year's summer-fallow and the following year, it is pretty well absorbed.

I should like to speak for a minute or so of a chemical weed killer that has been developed. It takes care of practically every weed we have in that part of the country. It saves stirring up of the soil. You have to work land to kill weeds and if the soil does not have the necessary amount of moisture and is worked when the land is dry, the bacteria are destroyed and dead land is left.

I am glad that the Department of Agriculture is experimenting in connection with the matter. The department has done a fine job so far in the experiments it has carried out. Would the minister care to give an explanation in regard to the ceiling price on domestic wheat?

[Mr. McCuaig.]

Mr. GARDINER: That is not in my department.

Mr. McCUAIG: It has to do with agriculture and I thought that perhaps the minister would like to say something about it.

Mr. COTE (Matapedia-Matane): Mr. Chairman, I wish to take a few minutes to express the pleasure it gives me, the greatest pleasure since I have been a member of the house, in congratulating the Minister of Agriculture on two counts. First of all, I congratulate him because I know he is a thoroughbred Liberal, which is something in these days of reorientation in politics, and, second, I congratulate him on behalf of my constituents, the farmers of Matapedia, who have at last succeeded in receiving from the minister the assurance of a substation as an experimental farm in my riding.

As many members possibly know, in that part of the Gaspe peninsula, which region was the first to be discovered and the last to be reckoned with, it is a source of satisfaction to see at last a member of the cabinet and a good Liberal who is liberal enough, even if he does come from the west, to develop agriculture in that eastern remote area of the country.

The minister may rest assured that from everybody concerned he will receive the best wishes. He will remain in their hearts and minds longer than he may live, and let us hope that God gives him a long time yet in the service of the country.

I would also mention to the minister that the farmers of my riding have understood in these difficult times the problems that have arisen in connection with coarse grains. Of course they supported the policy of subsidies. They realize that the problem of whoever may be the minister in the House of Commons having to deal with nine other ministers of agriculture in Canada, is one of the most difficult so far as the relations between the provinces and the federal government are concerned. They also realize with the greatest pleasure that the minister has done the best he possibly can, to enable the farmers to carry on since the subsidies were taken off. He succeeded in having the freight paid on coarse grains coming from the west to the eastern provinces. Every one in my district appreciates immensely what has been done during this very session to help the farmers under the circumstances.

Once more I thank the minister for having given that station, which I am sure will help more than anything that has been done so far by the provincial legislature to promote agriculture by the best means, namely education.

I have no doubt the station will do more for the farmers of that region than they have yet experienced.

Mr. NICHOLSON: A few days ago the Minister of Agriculture made reference to parsons who were not practising the profession in which they had been trained. I should like this evening to practise what I preach by returning good for evil and extending to the minister my best wishes when his party selects a leader this coming summer. If I were a Liberal I would consider the chances of electing a government as bright with the Minister of Agriculture leading the party as they would be with anyone else who appears on the horizon. However I wish to make it clearly understood that, should he be selected as leader and become Prime Minister, I shall do all I can to see that he does not retain the office for too long a period.

Mr. KNOWLES: That is indeed good for evil.

Mr. NICHOLSON: May I crave the indulgence of the house in order to raise a question which I do not think has been raised before in connection with agriculture? I refer to rural housing. I think I am in order, because the Minister of Agriculture has published two interesting studies, one in 1945, an "Economic Study of Land Settlement in Representative Pioneer Areas of Northern Saskatchewan", by R. A. Stutt and H. Van Vliet of the economic division, and the *Economic Annalist* of 1943, which contains an interesting section on rural housing. The department, under the experimental farms branch, has supplied quite a number of interesting plans for rural housing.

Unfortunately, in the estimates, we have not an item providing for any worthwhile assistance in dealing with this national problem, and therefore I should like to take a little time tonight to discuss the subject in the hope that in the next year the minister will find it possible to make provision for adequate subsidies to people in the rural parts of Canada who have the misfortune to live in houses that do not meet with modern standards in Canada and in other countries of the world, and who for a variety of reasons have not seen fit or have not been able to provide modern-type housing.

I commend to hon. members the study of Professor Van Vliet and Mr. Stutt who travelled extensively in Saskatchewan studying housing conditions in representative areas. Mr. Stutt expresses the opinion that improvements in the conditions of farm homes in Saskatchewan are badly needed and that some thought should be given toward rural housing in a broad reconstruction program.

There were three representative areas taken: the prairie area, the park belt and the pioneer area in the north. In the well-established municipalities in the prairies around Wilcox, Weyburn and Lacadena, it was found that 23·5 per cent of the farm houses were in poor condition. In the prairie belt, the area represented by the Minister of Agriculture, up around Melfort and Lashburn where the hon. member for North Battleford lives, 31·6 per cent of the houses were described to be in poor condition. Away up to the north, in the frontier areas, 56·5 per cent were in poor condition. According to this study, only six per cent of the farm houses in Saskatchewan were described to be in good condition. The farm houses in poor condition were valued at an average of $421 in the prairie district, $362 in the park belt and $202 in the pioneer district.

Those who are interested in the construction industry will agree readily that, with such a low investment in farm houses, we have a wonderful potential market for lumber, cement and plumbing supplies and potential employment for carpenters, plumbers and tinsmiths for many years to come.

While this study is confined to Saskatchewan, I understand that in Alberta and Manitoba similar conditions prevail. The 1941 census discloses that only 20 per cent of the farm homes in Canada had electric lights. The percentage in Ontario and in British Columbia is relatively high: it is 37 per cent in Ontario, 36 per cent in British Columbia, with 5·5 per cent in Prince Edward Island and Alberta and 4·8 per cent in Saskatchewan.

Mr. MacNICOL: What is the percentage in New Brunswick?

Mr. NICHOLSON: I am sorry I have not that available. Unfortunately we in Saskatchewan are at the bottom of the list. I may mention that those statistics were for 1941, so that the C.C.F. government cannot receive any credit or blame for the conditions.

In all of Canada only 7·3 per cent of the farmers are able to use anything but the old washbasin or washtub on Saturday night for the traditional bath; only eight farmers out of 100 have flush toilets; and again the conditions in the prairie provinces are much worse. The conditions in the constituency represented by the Minister of Agriculture and myself are well below the average. In Mackenzie constituency only 2·4 per cent of the farmers have furnaces, whereas in Melville eleven per cent

have furnaces. In my constituency one farmer out of 1,000 has running water in his house, compared with eleven out of 1,000 in Melville. Seventeen farmers out of 1,000 have electric light in my constituency, compared with thirty-eight out of 1,000 in Melville.

I know that in the pioneer days the people in Canada got along very well with candles and coal-oil lamps; but I am not one of those who subscribe to the theory that what was good enough for dad is good enough for me. We are now living in an age where there are unlimited electric slaves available to do our work. I think that the farm women in Canada should have first claim on these electric slaves to wash the clothes, to separate the cream and to do many of the jobs that are not being done by hired help. It was not so long ago that girls were available on farms for $5, $6 and $7 a month. They were not worried about the 40, 50, or 60-hour week. They worked from dawn until dark, seven days a week, and they did not expect holidays. But fortunately girls do not have to work for $5 a month nowadays; and farm women in every province are finding it difficult to get domestic help on the farm. Therefore, when the labour problem is so acute, it becomes a matter of national concern to have electricity made available on the farms.

I think members from every province have at one time or another said something about the migration from the country to the city. The Minister of Agriculture must take this into consideration and make some plans now to see if life on the farm cannot be made more attractive. The hon. member for Springfield will probably accuse me of running down my constituency, my province and the dominion. But I do not think you are running down your country when you face up to the facts and ask yourself the reasonable question: Can we not do something better? During the war I travelled up to the northern part of this dominion where we had large establishments of United States soldiers. It is difficult for me to explain to my people why they have to live in an area where only a few people can have electricity, running water and flush toilets; whereas when you go to Flin Flon, to The Pas or to Churchill, where long and severe winters are experienced, these facilities are available.

Mr. ROSS (Souris): That is because they are in Manitoba.

Mr. NICHOLSON: Yes. But they did not have those conveniences at Churchill or Southampton island until the war. Up at Flin Flon in Manitoba the people enjoy running water, telephones and modern conveniences.

Mr. GARDINER: The power is developed in Saskatchewan. We give it to them.

Mr. NICHOLSON: Yes, I was going to mention that. The power comes from Island Falls on the Churchill river. I am sorry that Island Falls is not built to accommodate tourists. But some day the life at Island Falls should be told to the people of the country. Possibly the people who work for the company there have the highest standard of living, on the average, that I have found anywhere in Canada. Every home has running water; every house is heated by electricity. All city conveniences are available up on the Churchill river in the far north. Therefore, if it is possible to provide those modern conveniences for those who supply electricity to produce minerals, the people who supply food to feed ourselves and the hungry people all over the world should have a return for what they produce so that they, too, can enjoy these modern conveniences.

This brings me now to a concrete proposal which I should like to make to the minister. It is that the next time his estimates come down he should make provision for subsidies for rural houses. I realize that he is in an awkward position. Unfortunately the Secretary of State for External Affairs made a statement in Montreal last year which, in my opinion, will rule him out of the race for leadership. He was asked a question at the Liberal club at McGill; and as reported in the Montreal *Gazette* of October 8, in reply to the question:

> How soon will subsidized housing make its appearance in Canada?

He said:

> No government of which I am a part will pass such legislation.

He raised the old constitutional question that subsidized housing would be a threat to democracy and said:

> Creating a bureaucratic body to allot such houses would be too easy a means for a vast Tammany Hall body and its ensuing corruption. . . We do not want to do favours for votes.

I think that was an unfortunate speech. I can realize that there is a difference of opinion in the cabinet regarding a matter of this kind. But I believe that the Secretary of State for External Affairs, if he had as much experience as the Minister of Agriculture has had, would have said that the government's policy will be announced in due course. And I

am not surprised that the Minister of Agriculture is not able to get up now and announce that his department is prepared to provide subsidies to encourage farmers to improve their living quarters.

I would mention to the committee that we have a tradition or a precedent here. We have had before us today a measure respecting the Prairie Farm Rehabilitation Act, and it is significant that from no section of the house was there any criticism of this legislation. As a matter of fact, it is the most popular agricultural legislation that has been introduced, so far as western Canada is concerned, for many years.

I would point out that 33,823 farmers in the prairie provinces have been subsidized to the extent of $100 each. What for? To dig a dug-out on a farm. It could be argued that the government has no business giving a man money to improve his own property. But if the government had not provided these subsidies, Canada simply could not have filled her commitments in supplying food to a hungry world during the war. It would not have been possible during those years for the farmers to haul water four or five or six miles for their hogs and cattle. I submit that the subsidizing of 33,823 farmers to the tune of an average of $100 each was an excellent investment. And I am sure the Minister of Agriculture has won many friends by it.

It can be argued that legislation of this kind enables a minister to reward some of his friends by making them inspectors. But no one would ever accuse the Minister of Agriculture of doing anything of that sort. And whether or not one can reward his friends by making them inspectors, I do not recall a single member of any party ever saying, during a discussion of the estimates, that one cannot get a dug-out unless he is a Liberal.

An hon. MEMBER: If you are a Liberal you need one.

Mr. NICHOLSON: I know there have been inspectors appointed who have probably made mistakes; but there are certainly a great many C.C.F. people in my constituency who have dug-outs and, so far as I know, there are not any whose applications for dug-outs have been turned down for political reasons. I believe I must say that in fairness to the minister. There might be the odd case, but I do not know of any; and usually such complaints are brought to the attention of members of parliament. Perhaps I shall get some letters from people whose applications have been refused. However, by and large, the inspectors go out and, if they strike a place where it is sandy, they will decide that it would not be fair to use public funds in a place where a dug-out would not hold water. It would be of no use to the applicant or to the country.

So I am simply asking the Minister of Agriculture to go a step further in what will be an even more popular field, in deciding that something will be done to improve the housing on Canadian farms. The Curtis report emphasizes the fact that a major program will be required to bring up the housing standard of the farming population to a reasonable level. They divided our farmers into two groups, those who will be able to build new houses of their own, and farmers whose incomes are insufficient for them to undertake to build, without some measure of assistance.

We have had housing legislation in Canada since 1935, but it was not until three years ago that the rural housing section of the National Housing Act was declared. Thus far not a single farm house has been built in this country under the National Housing Act.

So I am suggesting that, if the minister wishes to get action, he should make provision in his department, as has been done in the United States, for a special housing branch to make plans and to provide subsidies.

The report also recommended that more work should be done in the field of design. The experimental farm service has, in connection with it, an architects branch. Unfortunately this branch is under-staffed and overworked; and it is necessary for it to prepare plans for buildings on the various experimental farms across Canada. Thus far they have not been able to design as many types of farm houses as might be desired.

When one considers the wide range of climatic conditions in Canada he must realize that we should have a staff working to prepare plans which would be of use, for instance, in Prince Edward Island, where they want to store large quantities of potatoes in the basement. And those of us who wish to build houses in northern Saskatchewan, where 40 degrees below zero weather is not unusual, will have to have other plans and other types of houses, while the fruit growers of British Columbia would require to build quite a different type.

The Curtis report suggests that a great deal more work should be done in the designing and planning of rural houses.

It also proposes that at least 100,000 farm houses should be accepted as a reasonable target to replace the obsolete and run-down farm houses. This would be only about fourteen per cent of the total number of farm dwell-

ings, and just a little over a third of all the dwellings recorded in the last census as being in need of external repair.

To finance rural housing, this suggestion is made and if the minister acts along this line he will not be accused of adopting the C.C.F. policy; he will merely be following out the proposal made by a responsible committee appointed by his own government. The Curtis report suggests that a subsidy would be necessary either on a capital or on an interest basis. It was proposed that, instead of payments being calculated on a monthly basis, they should be related to the crop seasons with annual or semi-annual payments. I might mention again that this formula has been worked out satisfactorily in the United States.

The Curtis report also says that consideration should be given to granting physical needs such as electrical appliances, plumbing, heating and refrigeration equipment.

Then there is a whole section on farm housing of farm labourers. The Curtis report quite correctly points out that there is a problem in keeping farm help on our farms, and that many of the farmers have not additional rooms in their houses, with the result that the hired man must go to the attic or to the barn loft for his sleeping quarters. I have worked as a farm labourer, and I can say I would rather work as a farm labourer and live with the farmer than be a low-paid worker living in a slum area of a city. But if something could be done with a view to providing houses for farm help, many who are unable to buy farms of their own might look forward to marrying and settling down and enjoying life in rural communities.

So I suggest that something should be done with respect to giving further study to this problem. In asking that direct subsidies for housing in rural Canada be given, I am not suggesting something which has not been done. The government provided a production bonus of $400,000 to Crane Limited to induce them to turn out bathtubs last year. I submit that, politically and economically it would have been much better to spend $400,000 to help farmers in Canada to secure bathtubs. They should have some encouragement to purchase these commodities.

I do not deny that farm income at the present time is at a higher level than it has been for some time, and that more farmers are paying income tax than ever before. But the only times during my lifetime when the farmers had anything like a fair share of the national income were during world war I and world war II. Before world war I and in between the two wars, farmers in all parts of Canada saw what happened to farm prices. As a result, many farmers who could now modernize their homes are building in the towns and cities. They realize that farm prices may go to pieces and that if they have their living quarters in a town or city they will be in a better position to get through the depression than if they continue to live on the farm.

Mr. ROSS (Souris): How is the farmer going to live in town?

Mr. NICHOLSON: A great many in our province are operating farms five, eight or ten miles away.

Mr. ROSS (Souris): But you said if there was a depression.

Mr. NICHOLSON: If there is a depression they will take a chance of getting relief in town. They would have a roof over their head and they know that during the hungry thirties people on relief in the town were able to get better medical care and had a higher standard of living than the people in the country. Some of them have profited by past experience and are going to take a chance on living in the town in the event of a depression.

Coming back to the subsidizing of Crane Limited, I submit that it is not in the public interest to spend $400,000 of the taxpayers' money to turn out bathtubs without asking some questions as to where those bathtubs are to be used. A hotel at Ste. Marguerite was burned this winter. It was a new hotel costing about $600,000, and in it were a large number of bathtubs made by Crane, I suppose, which had been subsidized by the Canadian people. Is it good policy to subsidize bathtubs for a luxury hotel when only seven farmers out of one hundred in Canada are able to have a bathtub for their Saturday night bath?

Mr. HARKNESS: What kind of training were they doing in those bathtubs?

Mr. NICHOLSON: If the hon. member for Calgary East is no more interested in the housing problem than he appears to be, it is too bad for him.

To come back to this subsidy of $400,000, if it was government policy to see that more bathtubs were produced the same result could have been achieved by offering a subsidy to the farmer. You could grant a subsidy to every farmer who installed a bathtub in his home. That would be one way of guaranteeing production and of guaranteeing a market. So I submit that the minister should give consideration to doing for the farm population what the minister of reconstruction has been

doing for the people who live in high-priced hotels in tourist resorts in the mountains of Quebec and all across the country.

We had some experience in subsidized housing in Canada during the thirties. The federal, provincial and municipal authorities subsidized houses for people in the cities who were unfortunate enough to be on relief, but it was a pretty pitiful performance. I have mentioned before the $50 which was paid to build a house of logs in the north country. There were a great many of them built. When the Liberal government took over, the subsidy was raised to $75. During that period I travelled down to Montana, to Fort Peck, to see what President Roosevelt was doing as part of his resettlement program under the new deal. A huge dam was built, and along the Milk river farmers were re-established on small holdings where they were able to take advantage of the irrigation. They were able to live in modern bungalows with hardwood floors, furnaces, electric lights and running water, houses which cost a great deal more than $50.

I submit that, as part of a national policy, it was much better to build modern $4,000 houses which would give some comfort and satisfaction to people than to build $50 and $75 houses. It would have been quite simple for the federal government in those thirties to decide that no one should have to live in a $50 house, that we should not deny our people the right to have lumber for partitions when one could have lumber cut for $5 per thousand. A great many of these settlers were unable to get the $5 with which to cut their lumber. I saw settlers in the northern areas cutting lumber right out of the log with whipsaws. It was a costly process in terms of hours, but for people living on $8 or $9 a month it was the only way they could get lumber with which to build a school. I submit that we should profit by the experience of the United States where they provided houses during the depression that are still a pride to the people.

When the Labour government took over in New Zealand in 1935 they had as one of their main objectives the providing of decent housing for people on the farms, but probably one of the most outstanding examples in all the world in the field of rural housing is Sweden. Back in 1904, more than forty years ago, Sweden decided that it would be part of their public policy to encourage people to live on the farm. This policy was introduced when a great many people were leaving Sweden to come to the United States and Canada, while others were moving to the cities. A great many of them came here and became good citizens of this country.

The policy introduced in Sweden in 1904 has been well received. By 1945, 80,000 low-rental units had been built, of which 48,000, or well over 50 per cent, were agricultural holdings. In 1923 legislation was passed in Sweden to bonus home ownership improvements to a maximum amount of 1,500 kroner, or approximately $360. To qualify for the grant, an owner had to complete improvements to at least double the amount of the bonus. This is the same policy the minister carries out. He does not go on to a prairie farmer's farm and pay the entire cost of a dug-out. He says to the farmer, "If you pay part the government will pay part." In Sweden they say, "You spend at least $360 in improving your farm buildings and the government will spend $360."

Since 1933 loans have been available on favourable terms to provide workers in lumbering, agriculture and road making with a dwelling and a little land in order to make life somewhat easier when they are out of work. The amount which a borrower may obtain was fixed at first at about $1,430; but since 1930, as a result of building costs, the maximum has been increased to $1,670. These amounts are not very high when one takes into account present-day costs, but I am speaking of conditions in Sweden in 1938 where building costs have always been a great deal lower than here.

The loans are free of interest and are non-redeemable during the first five years. At the end of this period, two-thirds of the capital sum are repayable by annual instalments of one-thirtieth. No interest is paid for thirty-five years and then only on the unredeemed balance of the capital.

In 1935 the Riksdag voted special credits to be allocated in the form of mortgage loans to farmers wishing to build or to adapt dwellings for their workers. The aim was to encourage the erection or reconditioning of farm workers' dwellings of a good type and suitable for their purpose from a social and hygienic point of view. There is no means test in connection with these applications. We do not have a means test on the prairies in connection with dug-outs.

The loans on farm workers' dwellings amount to not more than $715 for each separate dwelling and may not exceed 80 per cent of the estimated cost of the whole building. Originally it was provided that the loan was subject to 3·6 per cent interest, and amortization is at the rate of one-twentieth annually. In 1939 the Riksdag voted that these loans should be free of interest for the first half of the 20-year period of redemption.

I may mention that I am quoting direct from "Housing Progress Abroad", published by the Central Mortgage and Housing Corporation of the department of reconstruction. Therefore the minister need not worry about embarking upon a policy which will be open to criticism as being a C.C.F. policy.

I hope that before the minister's estimates come before us next year he will have authorized a study to be made by his department of the material which I have brought to his attention tonight, and that he will do his best to get the cabinet to take a step in the direction of providing subsidies for rural housing. I cannot think of anything that is more important to Canada than making life on Canadian farms more attractive, whether the farms be in Prince Edward Island, on the prairies or in British Columbia.

Mr. WARREN: They are building their own in Ontario.

Mr. NICHOLSON: Some of them do.

Mr. WARREN: They all do.

Mr. NICHOLSON: Some have built good homes in Ontario, as my hon. friend has, but if the people of Ontario have not been able to get the electricity—

Mr. WARREN: Get a windmill.

Mr. NICHOLSON: I think the people in Ontario should not be too proud of the fact that over sixty per cent of the farm homes were without electricity in 1941.

Mr. WARREN: We do not miss electricity much.

Mr. NICHOLSON: I grew up in a home where we did not have electricity.

Mr. WARREN: We got along all right.

Mr. NICHOLSON: I know that a great many people lived in log cabins and did their work with oxen.

Mr. WARREN: What is wrong with them?

Mr. NICHOLSON: The young people of Canada who fought for democracy have not come back to use oxen. After having had modern conveniences in India, at Churchill and elsewhere, they will not be satisfied with an agricultural economy where it is assumed that the farmers are poor and should continue to live in substandard houses.

Mr. McIVOR: Mr. Chairman, I have a matter to bring to the attention of the Minister of Agriculture which created a good deal of interest to those of us who live at the lakehead. When our exhibition was in full swing and everybody seemed to be enjoying it, a team of horses that was hitched to a heavy truck became frightened and bolted, and they were heading for a group of men, women and children, many of whom no doubt would have been injured had not a young lady, Miss Ruth Black, who was distinguished for her horsemanship, jumped out and, after a tussle, grabbed the lines and in a short time brought the team under control. She received loud cheers from the spectators and got headlines in the local newspapers and was honoured locally. She is a daughter of our local veterinary surgeon and distinguished for her ladylike athletic endeavours, a girl who stands out permanently in the life of our city.

When a soldier distinguishes himself beyond his comrades we know that he receives honours and deserves them well. We are proud of our Victoria Cross men in this house. In peacetime when a man distinguishes himself by running great risks to save life we honour him. Much more should we honour a girl who so distinguished herself, and, at the risk of being knocked down and trampled by a team of horses, saves the lives of many women and children as this girl did. I think the Minister of Agriculture should honour this girl in a fitting way and I would ask him if he has any suggestion to make in this respect.

Mr. HARKNESS: Mr. Chairman, after the flood of erudition, learning, fancy, imagination and I know not what else to which the committee has been treated tonight in this discussion of these estimates, I fear my remarks will seem dull.

Mr. WARREN: We are used to them.

Mr. HARKNESS: I shall attempt to demonstrate if it is possible, and I think it is, that some incorrect conclusions can be drawn from figures that are in themselves correct. On Friday last I put on the record a letter from the president of an association of beef producers of western Canada, who lives near Calgary. The Minister of Agriculture saw fit to make this remark about that letter, and it is to be found at page 3738 of *Hansard*:

> There are a number of other matters dealt with in the letter upon which I am going to touch as shortly as possible, just to indicate that the letter itself is not based upon facts, and not being based upon facts there is very little reason for anyone giving any further consideration to it.

I want to throw that remark right back in the minister's teeth and to say that the remarks he made upon that letter are described exactly by the sentence which I have

just quoted. The minister took as his text a sentence from Mr. McKinnon's letter and said:

> The statement is made that, with the removal of ceilings on barley and oats "at the commencement of the 1947 feeding season," prices of these grains rose by approximately 80 per cent. The facts are that prices of barley and oats rose at less than half the rate indicated in Mr. McKinnon's letter. Here are the actual figures—

Then he put on *Hansard,* at page 3738, a small table showing the average price of oats and barley from October 1 to October 16, the average for December, 1947, the percentage increase over October, and so forth, and the table shows that in no case was the percentage increase over October any greater than 38·1 per cent. The minister went on to say, following the presentation of that table:

> It will be seen that the percentage increase in December 1947 over October was 26·9 per cent, not 80 per cent, and that the percentage increase in October over the average January, 1948, price was 31·1 per cent, not 80 per cent.

Those figures were put on *Hansard* in my opinion with the direct purpose of misleading the house on the point at issue.

The DEPUTY CHAIRMAN: Order. It is unparliamentary to accuse a member of deliberately deceiving the house.

Mr. HARKNESS: If I said anything unparliamentary, Mr. Chairman, I shall be pleased to withdraw it. Let me put it in this way. These figures do not present anything like a true picture of the situation of the Alberta feeder of hogs and cattle. The Alberta feeder of hogs and cattle does not buy oats and barley at Fort William. He buys them at Calgary, Lethbridge, Red Deer, Ponoka, or some other place in Alberta; and for the minister to put on *Hansard* a table of figures of this sort as an example of how much the costs of a feeder have risen is absolutely ridiculous. It bears no relation to the facts whatsoever.

I have accepted the minister's figures; I have not even bothered to check them by the quotations to see whether they are correct or not. But if we take the Fort William price, this is the exact situation. The minister in the table gives the average October 1-16, 1947, price of oats at Fort William as 65 cents a bushel. But the feeder in Alberta does not pay that price. In October he paid that price, less freight Fort William, less the subsidy. The price he paid was this: freight from Calgary to Fort William 8·84 cents a bushel; subsidy, 10 cents a bushel; subtract that from 65 cents and you will find that he paid 46·16 cents a bushel at that period.

For January, 1948, the minister gives the Fort William price for oats as 85¼ cents. The price paid by the feeder at Calgary was not that; it was 76·41 cents. In other words, the increase in price between October and January, as far as the feeder at Calgary was concerned—and the same applies throughout Alberta—was 30¼ cents a bushel, or a percentage increase of 65½ per cent, not as the minister puts it down here, 26 per cent.

Mr. GARDINER: Not 80 per cent either, even on your own figures.

Mr. HARKNESS: Just a minute. I am glad that the minister interjected that because I am coming to barley. The cost of barley is a much better example as far as these figures are concerned. The Fort William price for barley, October 1 to October 16, according to the minister was 93 cents a bushel. From that, as far as the Alberta feeder is concerned, we must subtract the freight, 12·48 cents a bushel, and the subsidy of 25 cents a bushel, leaving the price paid by the feeder in Alberta at 55·52 cents a bushel. In January, 1948, the Fort William price given by the minister was $1.28½ a bushel. Take the freight off that and the feeder in Alberta paid $1.16·02 a bushel. In other words, the increase in price to the feeder in Alberta between these two dates was 61½ cents, which is a percentage increase of 110·8 per cent.

Mr. WARREN: Will the hon. member permit a question?

Mr. ROSS (Souris): Wait until he is through.

Mr. WARREN: I should like to ask the question now because it fits in at about this time.

The DEPUTY CHAIRMAN: Order. The hon. member must not interrupt.

Mr. WARREN: I think he will be willing to answer this one.

Mr. HARKNESS: As soon as I finish with these figures, I shall be only too delighted for the hon. member for Renfrew North to ask all the questions he wishes.

Mr. WARREN: I should like to ask this one now.

Mr. HARKNESS: I should like to put these figures on the record.

Mr. WARREN: I should like to know something about the price of oats at Calgary in the early thirties. Give us an idea of the price of grain in the early thirties.

The DEPUTY CHAIRMAN: Order.

Mr. WARREN: I think that would be interesting.

Mr. HARKNESS: As I was saying, the increase in price so far as barley was concerned was 110·8 per cent, not 38·1 per cent as the minister has said. I contend that the figure given in this letter, which was approximately an 80 per cent increase in the price of the grains that feeders had to feed to their livestock, was correct, and that the minister's attempt on Friday last to show that in no case was the percentage half that was absolutely incorrect.

I was called to order at the beginning, Mr. Chairman, for making an unparliamentary statement. All I can say is that the figures the minister put on the record in attempting to show that the approximately 80 per cent increase in the price of feed grains, which was indicated in the letter which I read, was incorrect, was exactly described by this sentence which the minister made in his speech at page 3738 of *Hansard*:

> . . . the letter itself is not based upon facts, and not being based upon facts there is very little reason for anyone giving any further consideration to it.

I think that exactly describes the minister's figures and his attempt to discredit the approximate figure given in this letter. As a matter of fact, from the example that I have given and worked out here I would say the increase in price was probably greater than 80 per cent. The increase in oats was 65½ per cent; the increase in barley was 110·8 per cent. When you average these two, particularly in regard to the amount of oats and barley fed, you will find that the increase in cost to the feeder was probably greater than 80 per cent rather than less. I do not think the Minister of Agriculture is doing any service to agriculture, to the beef industry, by putting upon the record statements which discredit men who are concerned with that industry, and particularly by presenting a false picture of the costs to the producers in that industry.

I have always thought the Minister of Agriculture was concerned with improving agriculture and with looking after the interests of agriculture. I think by and large he is, but I am afraid that when it comes to trying to prove a point in this house the Minister of Agriculture will use figures in any way that he thinks will prove his point, often without consideration for how accurate they are, how close they are to the facts or how much they will help or hinder the general cause of agriculture in this country.

Mr. WARREN: The hon. member said he would answer my question when he got through. The hon. member must be old enough to recall the price of oats and barley in the early thirties when his party was in power. Can he give us a comparison of the prices of those days with the prices of today?

[Mr. Warren.]

Mr. ROSS (Souris): Why live so far back in the dark past?

Mr. HARKNESS: I am afraid I do not understand the point of the hon. member's question. The price of oats and barley in western Canada, and particularly throughout Canada, was far too low in the thirties, far too low for the farmer possibly to make a reasonable living by raising them—

Mr. WARREN: What were they?

Mr. HARKNESS: —no matter what part of the country he lived in. I really cannot see the point the hon. member is getting at.

Mr. GARDINER: Mr. Chairman, unfortunately for the hon. member for Calgary East, he called attention the other evening to the fact that I was reading, in reply to the letter, a statement which, as he suggested, I had not prepared. The statement was prepared by the officials of the department, and in every particular is accurate. The first sentence of the letter which has been dealt with reads as follows:

> Right Hon. W. L. Mackenzie King,
> Prime Minister,
> Ottawa, Canada
> Dear Mr. Prime Minister:
> I have been instructed by the board of directors of this association to write directly to you in connection with Canada's beef cattle industry.

The writer goes on to deal in general terms with Canada's beef cattle industry. He is not dealing with the industry as it affects the area immediately around Calgary. He writes the letter in general terms with regard to departmental policy as covering all Canada and as related to the United States market, and any few figures which can be compiled by someone who is living within a few miles of Calgary with regard to the relationship in price as regards his feed and the commodity he is selling and leaves out of consideration all the rest of the Dominion of Canada are not dealing with the question that this letter deals with at all. Therefore I would suggest to the hon. gentleman that if in this house he would spend more time in studying the facts that are presented to him and less time in dealing with personalities, as he did in connection with the Odlum case and as he did in connection with the Pratt case, he would get very much farther in assisting this house to decide some of the questions that are concerning the people of this country.

Farmers right across Canada are concerned with the average price of grain. There is only one point at which the official price of grain can be quoted as affecting the Dominion of Canada, and that is at Fort William. That is the basic price for all grain that is handled all over Canada; and when one just makes the definite statement that the cost of feed grain has increased by 80 per cent over a period of time, of course it is taken for granted by anyone who reads the statement that it is the usual price as quoted for feed grain in this country, and not the price that someone might pay on some particular farm.

If I want to be personal about the matter I might ask my hon. friend why he himself has a thousand hogs to feed if it does not pay farmers in this country to feed hogs. People out in that particular section of the country understand the position fairly well, and I am sure that people right across Canada understand it fairly well.

The hon. member is entirely wrong when he tries to leave the impression that what was being dealt with was simply the local situation in Alberta rather than the situation in the Dominion of Canada.

Mr. HARKNESS: The minister has a great gift for getting off his chest a lot of words that serve to becloud the issue but do not mean a great deal. He starts in to reprove me for using personalities at one time or another, and so forth, and attempts to becloud the issue in that manner. That has absolutely nothing to do with the case in point. The minister never mentioned, in anything he said, as far as the figures he put on the record are concerned, that they did not include subsidies, let alone freight. This letter was written by a man who, as he knows, is a western beef producer and is president of a western beef producers' association. He was not writing for Canada as a whole.

Mr. GARDINER: Don't stretch it too far.

Mr. HARKNESS: I am not stretching anything too far. The Minister of Agriculture is so used to stretching things that he suspects everybody of stretching everything all the time. However, as I say, let him becloud the issue as he may, there is no question about the fact that the figures he put on the record do not present the true picture.

Mr. GARDINER: May I call attention once more to the first sentence, which denies what the hon. member has just stated. Mr. McKinnon himself says:

> I have been instructed by the board of directors of this association to write directly to you.

This is a letter prepared by the association and signed by the president.

Mr. HARKNESS: Certainly; these are western beef producers. I do not see what the minister is talking about. The letter was addressed to the Prime Minister. The point I make is that the Minister of Agriculture put on the record of this house Fort William prices, in an attempt to show that this letter, as he says in his own words, is not based upon facts and, not being based upon facts, there is little use for anyone to give further consideration to it. The figures he put on take no consideration of freight and no consideration of subsidies. The percentages, therefore, which he produced and went on afterwards to say were the percentages—26·9, 31·1 per cent and so forth—are completely misleading. The thing I object to is the Minister of Agriculture of the Dominion of Canada standing up in this house and putting on the record figures which are completely misleading, as far as this particular case is concerned, and by means of those figures trying to prove that some other man was not telling the truth. That is not in keeping with his position and with the dignity of this house, and I object most strongly to it. When he was on his feet a minute ago he said absolutely nothing to disprove what I said.

Mr. ROSS (Souris): I should like to say a word in support of the hon. member for Calgary East (Mr. Harkness).

An hon. MEMBER: Sure.

Mr. ROSS (Souris): "Sure", and I will tell you that you cannot dispute the figures I will give. I know something about this western matter. I want to say, in all fairness, Mr. McKinnon is president of the western beef producers' association, and that association is on the prairies alone, as I understand it. I think the minister went a little far in saying that he was speaking for all Canada, because during his estimates a year ago I put a set of figures on *Hansard*—I am sorry I have not them here—which did prove that for some years past—and I am sure the same will be true of this year—the greater amount of the beef produced in Canada came from the three prairie provinces. There are more head of beef cattle produced and sold annually from the three prairie provinces than from all the rest of Canada. If anyone wants to dispute that statement I will go to my office and get the figures in a few minutes.

I think, therefore, there is a lot of truth in this letter written by Mr. McKinnon and, as the Minister of Agriculture says, on behalf of the western beef cattle producers; and the statements made by the hon. member for Calgary East are true in every respect. Those

people buy feed in the west. They were paid a subsidy if they were feeders and they did not have to pay the freight. That letter was written on behalf of the western beef producers of Canada, and they have been fighting a battle year after year on behalf of the breeders in the three prairie provinces.

On some other item I can put on the record the exact figures for the past few years and the latest obtainable from the Department of Trade and Commerce as to the number of beef cattle produced and marketed throughout Canada, from which it will be seen that the percentage is quite a bit higher from the three prairie provinces than from all other parts of Canada put together.

Mr. MOORE: The estimates of the Department of Agriculture are always taken as the signal for a full-dress debate on Canada's agricultural industry. In past debates when agriculture has been brought up, those members who did not have the privilege of representing agricultural constituencies have very often expressed the opinion that they were bored at the length of time taken up in the discussion of these estimates. However, a careful consideration of the case for agriculture will soon show that agriculture is Canada's leading industry.

It is true, of course, that during the past ten or fifteen years mining and manufacturing have also become leading industries in Canada, but it remains a basic fact that today agriculture is the greatest industry we have in the dominion. An attempt has often been made to compare existing agricultural conditions and agricultural returns with the conditions which existed before the war.

I do not think this is a fair basis upon which to make a comparison. It is a well known fact that before the war the returns of agriculturists were so small that in many cases agriculture failed to give the producers the actual costs of production. At the present time it is quite true that agriculture is a good going industry, but the returns which agriculturists get today are still below what they ought to be if they were on a fair comparison with other industries in the country.

At the present moment, we are told, approximately 33 per cent of Canada's people are either directly or indirectly dependent upon agriculture for their livelihood. It would naturally follow, one would think, that 33 per cent of the national income would go to agriculture, but that is found not to be the case. In round figures, approximately 11 per cent of the national income is collected by agriculture during the course of a year.

[Mr. Ross (Souris).]

The reason I decided to speak on the estimates of agriculture this year is not that I am a practical farmer; I have done so because of the importance of the industry to Canada as a whole. I believe it is about time the government began to take steps to put agriculture on a sounder basis than it is at the present time.

During the war years the income of agriculture increased enormously. According to the *Economic Annalist,* published in February, 1948, the net value per farm was estimated at $3,018 and the per capita value at $811. The net farm income for the same period was $2,319 per farm and per capita income of $623. With incomes in that range of figures, the farmers of western Canada have been able to pay off a large amount of mortgage indebtedness on western agriculture.

At the present time the indebtedness of western Canada stands reduced some 68 per cent compared with the figures before the war broke out. During the period of the war western Canada developed technically as well and a very large amount of farm machinery was purchased by agriculturists. From 1941 to 1946, according to the *Economic Annalist,* some $200 million was spent on agricultural machinery. In the census figures for 1946 it was shown that western farmers possessed 159,000 tractors. During this same period of time the increase in the amount of tractors used on western farms was some 36 per cent. While this increase in farm machinery being used by western farmers was taking place, we find that the horse population of western farms decreased by some 28 per cent or, in round numbers, by 970,000.

In the past, western Canada has found it rather difficult to find a market for coarse grains; I mean in the period before the second great war. I myself have heard many farmers, and also many farm organizations, making requests that something be done to build an industry in Canada which could make use of our coarse grains. Of course the livestock industry was one of the most promising fields for the use of coarse grains.

I submit that at the present time the need for the development of such an industry is even greater than it was in the period before the war. Because of the reduction in the number of animals used for agricultural production, it will not be necessary in the future to feed as much coarse grains as was formerly used. The result will be that, unless our present markets for food contracts can be held, the farmers again will find themselves in a difficult position with respect to

procuring markets for those coarse grains. I believe the government ought to take immediate steps to build up a long-term policy of livestock production. That would not only involve the holding of our markets in Great Britain and other countries as well, but also greatly increasing livestock production with a view to supplying a steady market.

I submit that could be done in two ways. In western Canada coarse grain is always a part of the production of our farming industry. That is due to the fact that the production of coarse grain is part of the system of crop rotation, so that once in four years or once in three years there is an even production of coarse grains. For example, during one cycle, the first year wheat is produced; the second year it is coarse grain, then summerfallow, and then back to wheat. If we are to provide a market for the coarse grains, the most reasonable method of doing so would be to maintain the present livestock industry. It would be necessary not only to maintain such an industry in western Canada but to develop the livestock industry which now exists in the provinces of Ontario, Quebec and the maritimes as well.

I want particularly to deal with the possibility of developing the livestock industry in western Canada and in the maritimes. I believe that we can kill two birds with one stone, so to speak, if such a policy is put into effect. It might be necessary for the government to finance the policy during the first stages of its operation, but after it was established I maintain that it could be developed on profitable lines. I maintain that it would not only bring profit to the farmers in both east and west, but give Canada a thriving industry as well. In order to develop such a coarse grain-livestock industry, western Canada would be the principal part of the dominion for the production of these coarse grains. But I believe that eastern Canada, particularly Ontario and the maritime provinces, would be the place where livestock would largely have to be produced. Then by using the northern sea route from Churchill to the maritime provinces, we could transport grain cheaply from the western plains to the maritime provinces, and thus provide them with fairly cheap feed for the maintenance of the livestock industry.

It is true that such a procedure might involve the building of a number of elevators in Nova Scotia, possibly in Prince Edward Island, and along the St. Lawrence river, possibly in Montreal. After grain was delivered to those elevators in season, it could be sent out to where it was required by the farmers. If this were done, I have no doubt that we could build up in both the east and the west an industry that would be a credit to Canada. Not only would it be a credit to Canada, but it would mean money in the pockets of the farmers in western and eastern Canada, and it would mean that we could bargain each year for the British market. With greatly increased production it would be possible for us to retain in the future markets in Britain which we might possibly lose if we are not able to increase our production some time in the near future.

That is all I have to say with respect to coarse grains. I think I should deal for a few minutes with the meat packing industry, because it has something to do with the success of our farmers in the operation of the livestock industry. I refer particularly to the statement that was recently made by the president of Canada Packers when giving evidence before the prices committee. I submit that the president of that company took a stand which is most inimical to the welfare of the farmers of western Canada and those of eastern Canada as well. For the benefit of those farmers who are interested in what is going on in our agricultural industry, I shall put his statement on record. This statement by the president of Canada Packers appeared in the Winnipeg *Citizen* of Friday, May 7, 1948. This paragraph of the article is entitled "Frank Statement", and reads as follows:

> "We buy cattle as cheaply as we can and we sell beef for as much as we can," Mr. McLean declared.
>
> He later added: "I don't mind telling you that one of the main objectives in conducting a business is to make a profit."
>
> Mr. McLean said: "I have been in the packing business most of my life and I have more confidence today in the soundness of the competitive system than ever I had before. Nothing but competition keeps individuals and businesses sound. The real danger we face is the elimination of competition. The safeguard of the whole thing is free, open, unrestricted competition."

The DEPUTY CHAIRMAN: Order. I do not think it would be in order for the hon. member to deal with a matter which is now before the committee until that committee has made its report.

Mr. HANSELL: Mr. Chairman; I rise to a point of order right there. In the debate we had some weeks ago on the setting up of the committee, the Prime Minister was specifically asked if that committee would hinder us in any way in discussing prices in the house, and he definitely said, "No".

The DEPUTY CHAIRMAN: In answer to the hon. member, I may say that is perfectly true; discussion of prices was to be left free for the members of the house. But what the

hon. member was doing just now was quoting evidence before that committee, and that committee has not made a report.

Mr. CASTLEDEN: Just a newspaper report.

The DEPUTY CHAIRMAN: It does not matter. It is quoting evidence before the committee. If the hon. member wishes to discuss prices, he is quite in order to do so. But it would not be in order to discuss what is going on in that committee until the committee has made its report.

Mr. ROSS (Souris): Just on that point, Mr. Chairman, let me repeat what the hon. member for Macleod has said. The Prime Minister has made that point clear in this house. Whether he had any right to do so or not is beside the question. I among others asked that question pointedly, and the Prime Minister made it plain to this house that anything that happened to be before the committee could be discussed in this house at any time, if it were in order on that particular subject. The Prime Minister is on record in *Hansard* as having made that statement.

The DEPUTY CHAIRMAN: I do not think the hon. member is fair in that statement. I thought the Prime Minister made it clear that members of the house could discuss increases in prices in any way they wished to do so; but I do not think he ever said they could discuss the evidence being taken in a committee, or what was going on in that committee, until its report was made. That would be entirely out of order—to discuss at the present time a question which is before the committee.

Mr. GARDINER: In order that we might have exactly what he did say on the record, at page 543 of *Hansard,* although I read it on Tuesday night, I shall read it again:

Right Hon. W. L. Mackenzie King (Prime Minister): Mr. Speaker, I have anticipated in a reply I made to the hon. member for Peel (Mr. Graydon), what my hon. friend has just inquired into. I think I said that the committee would be a committee to let in light where information is needed, certainly not a committee to prevent light from coming in. If the wording of the resolution were such that it named a specific matter to be sent to a committee in concrete terms, it might be necessary, as is frequently done, to interpret its terms very strictly. But it is certainly not the intention of the government to seek to prevent anyone from discussing the general question of prices in any way he may wish because of such a motion being on the order paper or carried.

It is a question of prices, but not what is going on in the committee.

[The Deputy Chairman.]

The DEPUTY CHAIRMAN: It is not in order to discuss what is before a special committee set up for a special purpose. It is not in order to discuss what is before that committee, and the evidence taken before it, until the committee reports. Hon. members may discuss increases in prices, but should not quote the evidence.

Mr. MOORE: I was waiting for an opportunity to bow to your decision, Mr. Chairman. However, one did not present itself.

I should like to draw the attention of the committee to the striking similarity between the attitude taken by Mr. McLean in the prices committee and the attitude he took in respect of this same problem in 1934, when he gave evidence before the price spreads and mass buying commission of that year.

Mr. McLean was on the witness stand and was questioned with respect to the importation of beef from other countries. No doubt hon. members will recall that at that time the price of beef in Canada was very low. In fact, in many instances it failed to return to the farmer the actual cost of production and freight. The evidence before the price spreads and mass buying commission is as follows:

By the Chairman:

Q. As a friend of the farmer, do you think that is good practice?

That is, bringing in beef from other countries to Canada.

A. I do not think it a fair question to ask me.
Q. I think it is a very pertinent question, myself.
A. I do not think it is; I do not think it is fair.
Q. You have said, Mr. McLean—
A. I said we do it.
Q. —that you are just as much interested in the farmer's welfare as he is?
A. Yes.
Q. You said that several times?
A. Yes.
Q. You know that there is a surplus of beef in this country; you know the farmer is getting a very low price for his beef; I am asking you, if you think it is sound Canadian business to encourage the bringing in of frozen beef from other countries who happen for the moment to be able to sell it cheaper than we can, into this country, and deny the Canadian farmer the chance to supply the market?
A. I do not think it is my duty to protect the Canadian farmer; if he needs the protection, it is yours.

That is the very point I wish to bring to the attention of the Minister of Agriculture and the government. It was the duty of the government in 1934, which was of the political colour of hon. members to my right—now the Progressive Conservative party—to have protected the interests of the farmers at that time. It is now the duty of the government, which is

Liberal, to protect the interests of the farmers of today; because Mr. McLean admits the same attitude toward agriculture today as he took in 1934; and I submit that we are rapidly getting back to the conditions which existed at that time.

Mr. MANROSS: Getting back to a Tory government, too.

Mr. MOORE: That is the sad part of it.

Mr. MANROSS: It will be tough for you.

Mr. MOORE: We want to get together on it. If there is any difference between the two older parties it would be a very trifling difference that the ordinary worker would have difficulty in recognizing.

Mr. MACDONNELL (Muskoka-Ontario): A difference in heart.

Mr. BRYCE: Who has a heart?

Mr. MOORE: Today in the Ottawa *Journal* there appeared the following article under the heading, "Milk No Gold Mine for the Farmer," which states in part:

> It becomes evident that price is not the answer to this riddle, for in normal practice good prices should bring out production. Farmers are the first to admit they consider retail prices for dairy products as high as they should go, but claim their mounting costs have so outdistanced what they receive for their product that it no longer pays to expand or even produce all the milk their farms may be capable of producing. As a result many are producing only what they can with home labour and are selling surplus animals. There is a splendid market across the border for Canadian dairy cattle and they are crossing in numbers. The urge to produce for the home market simply is not there, despite what consumers consider too high prices.

I submit that the government today, particularly the Department of Agriculture, should see that something is done to increase returns to the farmers, without increasing costs to the producers; because unusually high profits are going to those people who process farmers' production and then market it.

May I call it eleven o'clock?

Mr. GARDINER: Before you do, I think it would be the wish of the committee that I should, on behalf of the committee, express to the young lady who was referred to by the hon. member for Fort William a moment ago—

Mr. McIVOR: Ruth Black.

Mr. GARDINER: Yes, Miss Ruth Black—the appreciation we all feel for the very fine effort she put forth at the time of the exhibition in Fort William. I believe I, as minister, should write to her to that effect indicating the appreciation we feel.

Some hon. MEMBERS: Hear, hear.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What is the business for tomorrow?

Mr. FOURNIER (Hull): First we shall take up the second reading of Bill No. 221, for the winding up of the Penny Bank of Ontario and the repeal of the Penny Bank Act; next will be the second reading of Bill No. 248, to provide for carrying into effect the treaties of peace between Canada and Italy, Roumania, Hungary and Finland; next the resolution in the name of the Postmaster General concerning supplementary payments. Then, from eight to nine o'clock in the evening we shall consider private bills, following which we shall go into committee of supply, taking the estimates of the departments of transport, post office and labour.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, May 14, 1948

The house met at three o'clock.

BIRTHDAY GREETINGS

MR. HANSELL—EXPRESSION OF CONGRATULATIONS

Mr. SOLON E. LOW (Peace River): Mr. Speaker, I note that today marks the anniversary of the birth of my colleague and friend, the hon. member for Macleod (Mr. Hansell). I should like to take this opportunity to congratulate him, to tell him how much I have appreciated his friendship and association, and to wish for him many more happy anniversaries.

Some hon. MEMBERS: Hear, hear.

Mr. E. G. HANSELL (Macleod): May I thank my leader in particular, and the house in general, for their kind felicitations.

THE ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following communication:

Ottawa, May 14, 1948.

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 on Friday, May 14, 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,
Assistant Secretary to the Governor General.

HEALTH SERVICES

GRANTS TO PROVINCES—STATEMENT WITH RESPECT TO HEALTH INSURANCE AND SOCIAL SECURITY

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I should like to make a statement to the house on government policy with respect to health services and health insurance.

From time to time, there have been inquiries in this house and outside as to when the government intends to proceed to implement the specific proposals placed before the dominion-provincial conference in 1945 for the development, by stages, of a nation-wide health program leading up to and ultimately including health insurance. I am now in a position to give hon. members the desired information. I wish, however, in so doing, to place the health program in its proper perspective in relation to the government's larger and basic aim of securing for the people of Canada a national minimum of social security and human welfare.

Before the outbreak of war in 1939 considerable progress in social legislation had been made in Canada. A substantial measure of social security had been provided by the dominion through the creation of the Department of Labour and other federal labour legislation, and through the establishment of annuities, of pensions for the aged and the blind and for disabled veterans and veterans' dependents; and by the provinces through provincial departments of labour and labour legislation including workmen's compensation and through enactments related to widows' and mothers' allowances, maternity benefits, child welfare, sickness and hospitalization.

In all this, there had, however, been relatively little co-ordination of social security measures and no approach to a nation-wide plan. Even before the war it had become increasingly apparent that if there were to be an avoidance of conflict between the provinces and the Dominion on questions of jurisdiction, and unnecessary duplication of social services with consequent waste of public money, what was required was a comprehensive scheme of social insurance which, by satisfactorily combining provincial and federal services, would constitute a charter of social security for the whole of Canada.

Since the outbreak of war, there has been a tremendous advance in social security legislation. Far-reaching measures such as unemployment insurance, family allowances, floors under farm and fish prices, increase of pensions and allowances for the aged, the blind, the war veterans and their dependents, have been enacted in the federal fields, while legislation, varying greatly in degree and kind, respecting health services and hospitalization, maternity benefits, and the like has been enacted by the provinces. Notwithstanding this great advance in social services, little advance has been made towards an integration of federal and provincial activities which would combine existing social insurance measures and health services in

a comprehensive constructive, efficient and effective nation-wide plan.

The government's policy of bringing into being a comprehensive scheme of social insurance which would co-ordinate provincial and federal activities, and which would include the establishment of a nation-wide system of health insurance was set out specifically in the speech from the throne at the opening of the session of January, 1943. A select committee of this house was thereafter appointed to examine and report upon the most practicable measures to give effect to the policy.

In the course of the general election campaign of 1945, after enumerating some of the social legislation already enacted, I stated that the government's program looked beyond these achievements to the early establishment of other great social measures. I said specifically: "The government is prepared to support a national scheme of contributory old age pensions on a basis more generous than that of the existing pensions. The government also believes that a substantial improvement in national health could be achieved through dominion-provincial co-operation. We have accordingly pledged ourselves to support a measure for federal assistance in a nation-wide system of health insurance, to include assistance to the provinces for preventive medicine. If the present government is returned to office, we shall proceed with these measures as soon as agreements with the provinces can be concluded."

Specific proposals regarding contributory old-age pensions and a nation-wide system of health insurance were made to the provinces at a conference which met in August, 1945, within two months after elections. As hon. members know, it has unfortunately thus far not proved possible to secure agreement with all the provinces.

The government has reached the conclusion that lack of agreement with certain provinces should no longer be allowed to stand in the way of a further immediate advance in the field of public health. We have accordingly decided to proceed with a substantial health program at the present session.

An important feature of the government's health program of August, 1945, was the proposal of a planning and organization grant to the provinces. This grant was designed to assist the provinces in developing their planning and organization for the improvement of existing health services, for the development of new programs that might be needed, and for the detailed planning of hospital and medical care insurance.

In addition to the planning and organization grant, the government also proposed a series of grants for the development and improvement of existing provincial health services. Grants were to be made available for the following purposes:

(a) General public health services.
(b) Tuberculosis control.
(c) Mental health care.
(d) Venereal disease control.
(e) Prevention and control of crippling conditions in children.
(f) Blindness prevention and control.
(g) Professional training.
(h) Public health research.

In addition to these proposed health service grants, the government offered, in the 1945 proposals, to make financial assistance available through low-interest loans for the construction of needed hospitals throughout the country.

All these grants were regarded as essential steps in the development of adequate health services for the people of Canada, regardless of whether or not health insurance was eventually to be introduced. It was recognized, however, that the proposed grants would have the added advantage of being fundamental prerequisites of a nation-wide system of health insurance.

Although the introduction of these health grants was postponed, in 1946, the Department of National Health and Welfare has continued to give constant attention to the planning of health services. Studies have been carried out by the division of the health insurance studies which was established in 1945 to lay plans for the eventual introduction of health insurance. The research division of the department has also been actively engaged in this field. From time to time, specialists of outstanding ability have been asked to undertake more specific assignments. As a result of the subsequent research, certain modifications have been made in the 1945 proposals.

I come now to the announcement of the health measures which it is proposed to take at the present session of parliament. These measures also represent first stages in the development of a comprehensive health insurance plan for all Canada. Parliament will be asked in the supplementary estimates to make the necessary provision for the proposed health program.

The Minister of National Health and Welfare plans to arrange an early meeting with the appropriate technical officers of the various provincial health departments and the Dominion Council of Health to work out with

them the detailed arrangements of the proposed health grants, and, in particular, the conditions to be attached to their adminstration.

The specific proposals are as follows:

Health survey grant. The government proposes to make available immediately to all the provinces a health survey grant replacing the health and planning organization grant of $625,000 on the basis outlined to the provinces in August, 1945, as amended by the statement I made when the conference reconvened in November of the same year. The amendment was to the effect that the grants were not to be conditional upon the provinces undertaking to enter a health insurance plan.

The non-recurring grant of $625,000 is to be divided as follows: There will be a flat grant of $5,000 to each province; the balance is to be divided between the provinces on the basis of population, with the proviso that in no case shall the provincial grant amount to less than $15,000.

The purpose of this grant is to assist the provinces in setting up the machinery which will be necessary to ensure the most effective use of the other health grants now being proposed, and in planning the extension of hospital accommodation, and the proper organization of hospital and medical care insurance. Adequate safeguards will of course be provided to ensure that the provinces report in an approved manner on the expenditure of the funds and on the results of the studies undertaken.

Health grants. For the following specific purposes, annual grants will be made available to all the provinces along the lines of the proposals first outlined in August, 1945, and later amended.

1. General public health. A grant of 35 cents per capita is proposed for the purpose of strengthening the general public health services in those areas where the provincial authorities themselves most keenly recognize the need. In succeeding years the grant will increase by 5 cents per capita, and will finally reach a peak at a rate of 50 cents per capita. These public health grants will continue from year to year, with the initial commitment amounting to approximately $4,404,000 for a full year. In order to qualify for the grants, the provinces will of course be required to maintain at least their present level of expenditures in this field. This same safeguard will be attached to all the other grants it is proposed to make.

2. Tuberculosis control. To permit an accelerated and intensified effort directed towards the eradication of tuberculosis in Canada, the dominion government will ask parliament to make available to the provinces an annual grant beginning at $3 million and rising over a period of years to $4 million annually. The details of this grant, including the allocation of funds between the provinces, will be on the basis recommended at the time of the 1945-46 conference. The purpose of the grant will be to assist the provinces in the drive which they will now be expected to make to obtain control over tuberculosis, and to extend progressively the areas of free treatment to the maximum possible extent.

3. Mental health care. Parliament will be asked to make provision for a similar grant to the provinces for similar purposes for mental health care amounting initially to $4 million per annum and rising over a period of years to a maximum of $7 million per annum. The seriousness of the problem of mental illness can best be illustrated by reference to the fact that between one-third and one-half of all the hospital beds in Canada today are occupied by patients suffering from mental illness.

4. Venereal disease control. In accordance with the proposals made in August, 1945, the dominion government proposes to ask parliament to make available an amount of $500,000 annually to assist the provinces in extending and intensifying their present efforts in the control of venereal disease. Since the grants currently being made to the provinces for venereal disease control amount to $225,000 annually, the net increase under this heading will be $275,000 annually. The terms and conditions attaching to the use of this grant will be similar to those outlined in August, 1945.

5. Crippled children's grant. Very few of the provinces have at the present time an adequately developed program for the prevention, control and treatment of crippling conditions in children. To assist the provinces in the establishment of a program in this field, and in the development of a rehabilitation and training program for crippled children, the government is proposing to ask parliament to make available the sum of $500,000 annually, to be divided on a per capita basis between the various provinces.

6. Professional training. In order to meet the need for larger numbers of professional personnel in the public health and related health fields, the dominion government will seek appropriations to make available to the provinces an amount of $500,000 annually. It will be noted that this is twice the amount

originally suggested in the 1945 proposals. The purpose of this grant will be to assist in making available the public health personnel which will be required in the development of an enlarged public health program in all fields. The grant will also be available to assist in developing and training the personnel required for the operation of constantly expanding hospital services.

7. Public health research. The dominion government will ask parliament to make available to the provinces, as originally suggested in the 1945 proposals, grants for the stimulation and development of public health research. It is considered, however, that a larger amount of money than was originally proposed is justified by the expanding requirements of the field. Consequently, though the grant will be $100,000 for the first year, as originally proposed, it will thereafter be increased by $100,000 annually until $500,000 is reached. This grant is an indication of the importance the government attaches to the development of a progressive health program.

8. Control of cancer. In addition to the grants which were originally outlined in the 1945 proposals, the dominion government is now proposing an annual grant to the provinces amounting to a maximum of $3,500,000 to assist in the development and provision of the most active possible diagnostic and treatment services for the control of the dread scourge of cancer.

First steps in the development of a plan of active control were taken a year ago in the establishment of the National Cancer Institute, the function of which is to stimulate the development of an intensive research program in the cancer field. But research alone is not enough. More cancer clinics, more diagnostic and treatment centres are needed, if this dreadful malady is to be brought under control. The dominion government proposes to share with the provinces, on a fifty-fifty basis, the costs of any approved program for the control or treatment of cancer which the provinces may undertake. The grant will be divided on a per capita basis between the provinces.

Hon. members will note that the grants which I have thus far mentioned, with the exception of the cancer grant, correspond fairly closely with the original proposals made by the government to the provinces in August, 1945.

Hospital Construction. Before health insurance can be established on an adequate basis, another development is essential. At the present time there is a tremendous shortage of hospital beds in Canada. If, as the first stage in health insurance, hospital insurance were now to be introduced on a contributory basis, the demand that would arise for hospital accommodation simply could not be met. This situation was recognized in August, 1945, when the dominion government offered to make available low-interest loans to assist the provinces in increasing hospital accommodation. Since 1945 the situation has not improved. The shortage still remains, amounting now to an estimated 60,000 beds of all kinds.

It is felt that the provision of low-interest loans would not at this time be a sufficient inducement to hospital construction on the scale required. Consequently, the government will seek an appropriation for outright grants towards the construction of additional hospital accommodation. These grants will amount to $1,000 per bed for active treatment beds and $1,500 per bed for chronic or convalescent beds. Analysis of the figures relating to existing shortages clearly demonstrates that the shortage of chronic or convalescent beds in Canada is most acute. As a result of this shortage, our hospitals are congested to an unreasonable degree with persons not requiring active hospital care, but perfectly capable of being treated in chronic or convalescent beds. By placing a premium on the provision for chronic or convalescent beds, which are cheaper to provide and cheaper to maintain, the congestion in active treatment units should be considerably reduced.

The proposed hospital construction grants represent, of course, only a portion of the total costs of hospital construction. The balance will have to be met by provincial grants and by local funds from other sources. One condition which it is proposed to attach to hospital construction grants is that the province shall match the dominion contribution or better it, and that the dominion contribution shall not in any case exceed one-third of the total cost per bed in any project.

The government hopes that the provinces and local communities will take the fullest possible advantage of these grants, in order that, with the least possible delay, the deficiency which now exists in hospital accommodation may be overcome. The government accordingly is prepared to recommend the appropriation throughout the next five years of the substantial sum of $13 million annually for hospital construction grants.

If the hospital construction grants are fully utilized, they will make possible provision for over 40,000 additional hospital beds in Canada. At the end of the first five-year period, the situation should be reviewed. If the hopes and expectations for the first five years are fulfilled, it is estimated that, for the suc-

ceeding five-year period, it should be possible to reduce the annual commitment for hospital construction by approximately half.

It is estimated that the expenditure for the entire health program of which I have just given particulars, will require an appropriation by parliament over the next five years of some $30 million a year.

No doubt it will seem to hon. members that in presenting this health program to parliament the government is pursuing a policy which over the years will involve the expenditure of considerable sums of money. That is apparent. But what these expenditures may mean in the preservation of health, in the saving of human life, to say nothing of the lessening of human suffering and misery and not infrequently despair, is beyond calculation.

In commending the acceptance of this program to hon. members, I should like to remind them of the emphasis which, in the interest of the nation, all parliaments, over the years, have placed upon the conservation of the country's natural resources, and rightly so. A country depleted of its natural resources soon becomes a wilderness, a waste. But of all a nation's resources, its human resources are unquestionably the most precious. The preservation in health and strength of its population is surely the best of all guarantees of a nation's power, of its progress and of its prosperity. Our greatest national asset is the health and well-being of our people.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, you have permitted the Prime Minister, in the middle of the session, to come forward with a statement of new policy. I presume you will give some of us on this side an opportunity to make brief observations with respect to what he has had to say.

I am sure the house has listened with interest to what the Prime Minister has said about certain aspects of the social security program. I am sure, too, that members have welcomed many parts of the proposal. I have no doubt that all are glad to see that at last the government has been forced by public opinion—

Some hon. MEMBERS: Oh, oh.

Mr. BRACKEN: I am sure the people will be glad to see that the government has been forced by public opinion to come forward with a better balanced program than the piecemeal type of program to which they have gradually added from time to time in the past.

Obviously we cannot discuss the details of this new program now. This is the first we have heard of it. However, in regard to one of the features of it, particularly, I wish to compliment the Prime Minister. I refer to the financial aid which the government proposes to give in the construction of hospitals. I think that is one of the weakest links in our present social security program.

Judging from what the Prime Minister has had to say, I gather that he must have been reading the social security program which was approved and passed at the last annual meeting of the Progressive Conservative party, because many aspects of the program announced today are in exact conformity with what was passed about a month ago by that convention.

Mr. MacNICOL: Almost word for word.

Some hon. MEMBERS: Oh, oh.

Mr. BRACKEN: I am interested to know that what I am saying has the approval of so many hon. members opposite. This party has long urged a more comprehensive social security program than we now have. The hon. member for Lanark (Mr. Blair) has several times advanced the very proposal that the Prime Minister brought forward with respect to hospitalization.

Since the Prime Minister has been permitted to read this new statement of policy, I think I ought to be allowed to read the skeleton statement of policy approved by our party a month ago and announced at that time.

Mr. CRUICKSHANK: It will still be a skeleton.

Mr. BRACKEN: Mr. Speaker, we listened with some interest and with order to what the Prime Minister had to say and I ask only the same concession for myself.

I said that our party has long urged a comprehensive social security program based on two things: more generous financial assistance by the dominion, and administration by the provinces. I will ask the privilege only of reading what I had to say in my address to our annual convention, and then the resolution that was passed at that time respecting the very matters the Prime Minister has raised today. This is what I had to say on April 20:

> We will implement a social security program that will provide against the hazards of health and accident, as well as sickness and unemployment. We will provide old age pensions at an earlier age and on a more generous scale. We will carry out these policies, not alone by government grants as at present—we will supplement them by a contributory system to which all will make a small payment in their earning years, thus making possible a real pension on a higher basis in the place of the present "means test" gratuity basis on which it is now paid.

Following that address and the discussions which ensued the following statement of policy was agreed upon:

The Progressive Conservative party proposes a contributory "four-in-one" social security program available to every Canadian irrespective of occupation to provide the following benefits:

(1) Retirement pensions at age sixty-five without the means test; (2) Accident and sickness benefits; (3) Health insurance; (4) Extended unemployment insurance benefits.

Under this program citizens will by contributions made during their working years be enabled to provide protection against the hazards of sickness, accident and unemployment and be enabled to retire in decency and comfort at age sixty-five.

It is intended that this "four-in-one" social security program will be established in collaboration with and be administered by the provinces.

Enabling legislation will be enacted with permissive power to the provinces to adopt the plan, thus avoiding the necessity of constitutional amendments or an immediate over-all dominion-provincial agreement.

Until the contributory plan becomes fully operative the dominion will pay at least 75 per cent of a retirement pension of $40 per month.

Family allowances on a uniform basis, regardless of the number of children in the family.

In co-operation with the provinces a national health program will be established including promotion of improved nutritional standards and effective preventive health services to assist research and control of cancer, arthritis and other diseases and to provide assistance for the construction of hospitals, health and recreational centres.

Naturally, Mr. Speaker, we have had no opportunity to study the details of the program announced today by the Prime Minister, proposals that have been advanced to us without previous notice, and therefore without opportunity for debate. However, we shall study these proposals to see whether they provide a sufficiently wide social security program and to see whether the means of implementing that program are of a practical and effective character.

There are one or two questions I should like to direct to the Prime Minister, if he is in a position to answer them today. The first one is this. If this legislation is ready, why was it not announced in the speech from the throne? That is what the speech is for. It gives an opportunity for the announcement of public policy. When a policy is announced in that speech, the house is given an opportunity to discuss it. But now in the middle of the session a new program is brought forward.

The next question is this. Has the Prime Minister consulted any or all of the provinces with respect to this program? If so, what indication has he had from it or them as to its acceptance?

[Mr. Bracken.]

I have one other observation to make before I sit down. In his opening remarks the Prime Minister referred to a statement of policy announced in 1945 with respect to social security, a program which he and others said at that time and since was to be dependent upon approval by all the provinces. Now he comes forward and says, "We have not the approval of all the provinces, but we are going forward without that approval."

I just wish to add this. Anything which the government is doing today, could have been done long before this time; this requirement of having the approval of all the provinces has been but an excuse for delay. The evidence of it is in the very announcement we have had today from the Prime Minister.

Mr. M. J. COLDWELL (Rosetown-Biggar): The announcement made this afternoon, Mr. Speaker, by the Prime Minister (Mr. Mackenzie King), has taken the house by surprise, for the reason given by the Leader of the Opposition (Mr. Bracken), namely, that no announcement of this proposal was made in the speech from the throne; therefore it was unexpected. But while it is a surprise, it is none the less welcome. The view that has always been taken by the party with which I am associated is that no matter what government is in power, if it brings down legislation which will lay the foundations of a proper social security system in this country, we welcome it.

I regard the announcement made this afternoon by the Liberal party, through its leader, as but a beginning or foundation of a more adequate national social security plan. My hon. friends of the Progressive Conservative party tell us what they might have done under their program adopted a month ago. But I care not what government is in power; as long as they bring down legislation that will be helpful to the people, we shall welcome it and support it.

I believe, of course, that this legislation has been popularized to a large extent because four years ago, the people of my own province elected a C.C.F. government. In that province there has been brought into existence the widest plan of health insurance that exists in this country. We welcome the Prime Minister's proposal to assist in the building of hospitals. In my own province the provision of hospital beds has presented difficulties. During the past four years the number of beds has been practically doubled, and still the accommodation is inadequate.

One thing that struck me in connection with the research proposals suggested by the government was that the amount worked out—I made a rough calculation when the Prime Minister gave the figure—to about one cent per head of the population of the country. Many of the amounts mentioned this afternoon seemed to me to be pitifully small. We welcome the proposals, however, as the beginning of a program of health insurance and other social security measures for our people.

I want to express approval particularly of the assistance that is to be given in the fight against cancer and tuberculosis, for assistance to crippled children and for treatment of the mentally ill. Those are worthwhile proposals.

It is fortunate that we live in a democracy where from time to time there are by-elections and provincial elections. I have noticed that, for some uncanny reason, exceedingly interesting proposals are often made just about the time these events occur. Of course, I am not suggesting for a moment that any such event provided the occasion for the announcement which was made this afternoon. As a matter of fact, in preparing to take some part in these by-elections I have been reading the pronouncements of the Liberal party, beginning with 1919, on this very subject. While today's announcements may interfere with some of the speeches I thought of making, I am glad indeed that the Prime Minister, before he retires from the high office which he has indicated he is to relinquish within a short time, has placed before the House of Commons these proposals looking to measures of health insurance and social security which were foreshadowed when he was elected leader of the Liberal party in 1919.

Mr. ROWE: Thirty years ago.

Mr. COLDWELL: We have had to wait a long time, but I hope that the foundations now being laid will be regarded merely as such, and that, whoever succeeds the Prime Minister in the high office he now occupies—no matter from which quarter of the house his successor may come within the next two or three years—will build upon those foundations a great structure of social security and health insurance for the people of Canada.

Mr. SOLON E. LOW (Peace River): I am sure, Mr. Speaker, that you will allow me a moment or two in which to comment on the important announcement which the Prime Minister (Mr. Mackenzie King) has just made.

I do not believe that the Prime Minister could leave a better monument to the long years of service he has given to this country as leader of the Liberal party than the foundations of a progressive health security program. I listened with close attention to the announcement he made, and I certainly want to congratulate the government on the step they have taken.

About the only other thing that might have been done to go along with this program—bringing it down to a simple phrase—would be to extend it just a little further. However, Mr. Speaker, we look upon it as an important step forward. Like the hon. member for Rosetown-Biggar (Mr. Coldwell), I should like to see more elections in this country!

We approve heartily the principle of grants to the provinces. Since 1936 Alberta has pioneered and been in the forefront in health security measures, and on that point I take issue with the hon. member for Rosetown-Biggar. Our province has certainly led the way; and I think the Minister of National Health and Welfare (Mr. Martin) will agree that Alberta now is in a splendid position to make full use of the grants announced this afternoon.

An hon. MEMBER: What do they do with their babies?

Mr. LOW: That remark is just about as small as some people can get. We take care of our babies, and that is something some other provinces do not do. We see that they are put in decent homes, where they can grow up to be useful citizens.

Mr. MANROSS: Your babies grow up; some of the other fellows' do not.

Mr. LOW: We were particularly pleased this afternoon to see the government take some action against these scourges of the human race which, if they are allowed to run their course, are likely to impoverish whole families—tuberculosis, cancer and similar diseases. This is a splendid start in that direction.

We look upon this proposal only as a step forward, and I am sure that is what the Prime Minister had in mind—that it would be the foundation for a program of health security which I hope in the years to come will grow into the much more comprehensive scheme the Prime Minister must have envisioned.

While I congratulate the government, I should like opportunity to study the details before making any further comment on this proposal.

Mr. MACKENZIE KING: I should like to say a word as to the statement I have just made. It was not intended to be other than

what I said it would be, a statement of government policy on health services and health insurance. It was not anticipated that a debate would arise at this time. The fact that the statement of government policy has been made in such complete form will enable hon. members to see the health program as a whole, so that when the house is asked to appropriate the moneys necessary for the different health services, and for hospital construction, hon. members will have the complete list of the proposed services and an estimate of the entire expenditure involved. No one is being deprived of an opportunity of debating this program, because every dollar necessary to carry it into effect will have to be voted by parliament, and all the appropriations required will appear in the supplementary estimates which will be presented to the house. There will be full opportunity to debate all relevant matters on those estimates; I wish to make that very clear.

I had no desire to seek in any way to score over any of the parties in this house by making this statement of government policy this afternoon. It has been requested off and on throughout the session, and it has been promised off and on throughout the session.

Mr. COLDWELL: Throughout the years.

Mr. MACKENZIE KING: May I say at once, speaking in a general way, how pleased I am with the manner in which the program has been accepted by all parties opposite as well as by hon. members on this side. I believe that circumstance in itself will give great satisfaction to the people of Canada. After all it would be strange indeed, with the knowledge we all have of human lives and the problems of individual homes, if all of us were not deeply concerned in these questions which affect human welfare and human well-being. It is no surprise, therefore, that hon. members should have expressed, to the extent they have, approval of this program. I am indeed happy to see the unanimity of feeling there appears to be on the part of hon. members in favour of our doing what can be done by parliament, in the light of our knowledge of conditions, to bring into being in this country an effective nation-wide program of social security and health insurance.

My hon. friend the leader of the opposition (Mr. Bracken) asked why we did not have this particular program set out in the speech from the throne. First may I say that if the hon. gentleman looks over the various speeches from the throne from 1943 up to the present he will see in each some reference to some measure of social insurance, either on the surface or to be read between the lines which has since found its place in today's pronouncement. However I shall be perfectly frank with my hon. friend. While the speech from the throne is intended to give hon. members a lead with regard to questions which it is intended to bring before the house during the session, the speech need not necessarily include mention of all measures to be brought down. The speech itself is a formal procedure which affords to parliament the beginning of its consideration of the affairs of the session. It usually makes mention of the principal measures, but is not intended necessarily to include all the measures. As long as parliament is in session, there is opportunity for the government to bring in new measures if it so desires.

There probably would have been special mention of this program had it not been for a reason which I am sure hon. members will recall. The house was called into session much sooner than had been anticipated when we prorogued. The house met early in December because of certain emergent measures which had required very close and careful consideration on the part of the government before the session opened. In addition, as hon. members will recall, for some weeks previous, I was necessarily absent from Canada almost up to the day the house met. For these reasons it was thought desirable that we should not seek to place before the house, without very great care being given its presentation, a program which from the outset we had hoped it would be possible to set forth at this session. I think hon. members will benefit in the end from the fact that we took the necessary time to deliberate in detail upon this very large question, and present its numerous and essential features in a form which would leave no doubt as to the relation between its different parts.

My hon. friend asked about the consent of the provinces, and whether they had been consulted. We have been receiving communications from the provinces right along asking when we were going to bring in these specific proposals. I would not like to say how many communications have been received, or to attempt to give their details; all I can say, speaking generally, is that most of the provinces have I believe been asking when the proposals would be brought in. The reply given was that we hoped to bring them in as soon as we could get the provinces generally to agree.

If we have delayed in this matter, it is because we had hoped and expected that all the provinces would eventually join with us. I cannot yet understand why the two largest provinces in this country have not found it possible, as have the other seven, to join with

this government in working out plans such as have been presented today. If there has been some delay, as I say, it has been because we were waiting in the hope and expectation that when this program was presented to parliament it would be possible to say, in connection with it, that all the provinces had been in conference.

That has not been possible. We have, however, waited as long as we thought we should. However, in what we are now presenting it will, I believe, be seen that if there has been a delay, no province is likely to suffer very much as a result.

I suggest to my hon. friend that I do not think he will find the word "all" in any statement made as to the consent or agreement of the provinces. The words "the provinces" have been used, but the word "all" was carefully avoided in any statement that was made. That was only the part of political wisdom. It might have happened that it was not the two largest provinces that had failed us, but that one of the smaller provinces had slipped up, and that as a consequence matters for all the others would have been held back. I give my hon. friend a word of counsel. It is always wise to try to anticipate all possibilities before they arise. In so doing you do not find yourself unnecessarily embarrassed when the important moment comes.

Mr. BRACKEN: Then according to his own statement the Prime Minister could have brought forward this program a couple of years ago.

Mr. MACKENZIE KING: Yes; and if he had, he might have spoiled the whole business. There again might I give my hon. friend another pointer which might be helpful to him at some time, although I am very doubtful if it will. I advise him not to try to do too much all at once. After all, the surest path is the one where you make certain of each step as you take it, and where you do not prejudice the larger outcome by undertaking more than you can expect to get support for at the time.

Mr. MACDONNELL (Muskoka-Ontario): Will the Prime Minister permit a question?

Mr. MACKENZIE KING: I am trying to answer some.

Mr. MACDONNELL (Muskoka-Ontario): This is a very short question. Did I understand the Prime Minister to say that the use of the phrase, "consent of the provinces" did not mean the consent of all the provinces?

Mr. MACKENZIE KING: I said that the leader of the opposition had said that I had said all the provinces would have to be in agreement, and I said to my hon. friend that I did not think he would find the word "all" there. The word "provinces" was used, but it was not "all" the provinces.

Mr. MACDONNELL (Muskoka-Ontario): Then I understand the Prime Minister to say—

Mr. CRUICKSHANK: Wire George Drew.

Mr. GRAYDON: Why do you not keep politics out of this?

Some hon. MEMBERS: Oh, oh.

Mr. MACDONNELL (Muskoka-Ontario): I just wanted to be sure, because after all, the Prime Minister is giving us advice and I think it is desirable that we should understand exactly what it is. Do I understand the Prime Minister to say that the use of the phrase "consent of the provinces"—that is, leaving out the word "all"—did not imply it was the consent of all the provinces?

Mr. MACKENZIE KING: I said that the word "all" did not appear in any statement that I had made. The leader of the opposition had used that word expressly, and I was making it quite clear that he would not find it there. I just thought it might be helpful to him on some future occasion to have this knowledge of the fact.

Mr. MACDONNELL (Muskoka-Ontario): I think I understand.

Mr. MACKENZIE KING: If my hon. friend understands, then I am sure everybody else in the house will understand.

Mr. MACDONNELL (Muskoka-Ontario): As long as they do, I am content.

Mr. MACKENZIE KING: In conclusion may I say how greatly pleased I am that this house should have accepted this program in the spirit in which it has. I believe that the people of Canada will be tremendously satisfied when they learn that these proposals have received the general approval which they have received in the house today.

Mr. BRACKEN: May I ask one other question? Has provision been made already in the estimates for the expenditures involved by this program, or will new proposals have to be brought down to meet the expenditures?

Mr. MACKENZIE KING: Perhaps my hon. friend did not hear me, but I said that the expenditures that would be required by this program would appear in supplementary estimates which would be introduced at this session.

Mr. COLDWELL: Do I understand that this is to be done by way of supplementary estimates and that there will be no bill?

Mr. MACKENZIE KING: No bill, no.

Mr. ROWE: Will the supplementary estimates be brought down before June 7?

Mr. MACKENZIE KING: I do not know what my hon. friend has in mind. I cannot say when the Minister of Finance will bring them down.

Mr. GIBSON (Comox-Alberni): Mr. Speaker—

Mr. SPEAKER: I would call the attention of hon. members to the fact that the Prime Minister made a statement and I permitted the leaders of the different groups to make comments upon that statement; then there were a number of supplementary questions. Hon. members will realize that debate is not permissible at this stage.

Mr. CRUICKSHANK: On a question of privilege, is there not a rule of this house that entitles an hon. member to speak? The hon. member for Comox-Alberni is an independent.

[*Later*:]

On the orders of the day:

Mr. J. L. GIBSON (Comox-Alberni): With regard to the Prime Minister's statement, I am curious to know whether Quebec and Ontario stand to share equally, in the benefits the Prime Minister has announced, with the other provinces which have signed agreements with the dominion in regard to income tax.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The answer is yes.

Mr. GIBSON (Comox-Alberni): Do I understand that the grants in aid are contingent upon the provinces maintaining their present levels of expenditure on social welfare?

Mr. MACKENZIE KING: I think that was stated in what I said.

Mr. GIBSON (Comox-Alberni): In British Columbia, the province from which I come, we shall be forced to maintain the present sales tax of three per cent which we have been obliged to put into effect because certain funds were not returned to us by the dominion.

Mr. MACKENZIE KING: I should not like to enter into an argument with my hon. friend at the moment. These matters might be allowed to come up for discussion in detail later.

[Mr. Mackenzie King.]

BUSINESS OF THE HOUSE

PRIVATE BILLS—SUSPENSION OF STANDING ORDER 15 FOR SITTING OF MAY 18

Right Hon. W. L. MACKENZIE KING (Prime Minister): As the house is aware, the Minister of Finance proposes to present the budget on Tuesday evening. In *Votes and Proceedings* of yesterday hon. members will find a notice that I had placed there reading:

> That standing order 15 in relation to the consideration of private and public bills on Tuesdays and Fridays be suspended for the sitting of Tuesday, May 18 instant, notwithstanding the special order passed on April 8, in relation thereto.

That motion is just to suspend the hour for private bills so as to enable the Minister of Finance to make his statement on Tuesday evening. If there is no objection, the motion might be put immediately.

Motion agreed to.

CANADA SHIPPING ACT

AMENDMENTS TO ACT OF 1934

Hon. LIONEL CHEVRIER (Minister of Transport) moved the first reading of Bill No. 300 (from the senate), to amend the Canada Shipping Act, 1934.

Motion agreed to and bill read the first time.

PALESTINE

TERMINATION OF BRITISH MANDATE—PROTECTION OF BRITISH NATIONALS

On the orders of the day:

Mr. T. L. CHURCH (Broadview): Has the government any statement to make as to the termination today of the British mandate in Palestine, which expires at six p.m., our daylight saving time? What protection will be afforded British nationals, and what action has the government taken about the Palestine situation since this matter was raised by me in February 1947 and last spring? I should like to have a reply.

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): With respect to the first of the hon. member's questions, I am sure that all hon. members and all citizens of free democracies in the world realize that the world is indebted to the government of the United Kingdom for the burden it has carried for so many years in the administration of the Holy Land. All are equally concerned, and have been much concerned, as to the possibility and even probability of there

being disorder in the Holy Land upon the retirement of the British forces. I think it would be only fair to say that the disorder, bad as it has been, has not been as terrible as some of us during the last few weeks had feared it might be; there have been repulsive outrages, but it would seem that they have been participated in by relatively small numbers, and that the vast majority of the people inhabiting the Holy Land have not been participants in what we have rightly regarded as terrible outrages. I hope that the counsels that have been given from the united nations and other sources to the respective contenders there, and which appear to have had some influence in pacifying the situation, will continue to have that effect, and that the genuine efforts that have been put forth to help will meet with a still greater degree of success.

As to what measures are being taken for the protection of British nationals, I am sure that the government of the United Kingdom has done all that could be done for their protection.

The hon. member also referred to some question which he had asked in the spring of 1947. I would have to look it up before I would venture to make any answer.

Mr. CHURCH: What steps has the government taken to protect our nationals over there, who are in the midst of slaughter and civil war?

Mr. ST. LAURENT: This government has felt that it would be rather impertinent for it to try to intrude to affect the measures being taken by the mandatory power which not only over the years but over the centuries has given proof that it was always conscious of its responsibilities and always did what I think most reasonable men would feel was proper in the discharge of its responsibilities.

Mr. CHURCH: If Britain had been left alone, there would have been no trouble.

Mr. ST. LAURENT: I do not want to insist, but the intervention of UNO was brought about by a request of the mandatory power, which considered that in view of the situation that was arising it must relinquish its mandate.

Mr. GRAYDON: Are any steps being taken now for mediation in the Palestine situation, and if so, who is to be the mediator? Has any suggestion been made in that regard?

Mr. ST. LAURENT: There have been a large number of suggestions, and the latest information I have is that the gentleman to be appointed as a commissioner to carry on public services in Jerusalem, the appointment to be made by the five permanent members of the security council, was also to continue the good offices that have been performed by the Palestine commission looking towards mediation.

Mr. GRAYDON: It would seem to me that in a case of this kind only an outstanding world figure would be of much use as a mediator, and I was wondering if any such suggestion had been made and accepted. Two such figures have been mentioned, Lord Louis Mountbatten and General Eisenhower. It seems to me that only an acknowledged world figure who had proven himself to be good at that sort of thing ought to be considered in this connection.

Mr. ST. LAURENT: The Canadian delegation has felt that it should not take too prominent a part in making suggestions to the powers which have a more direct interest in the Far East situation. We have endeavoured to make it clear that we were willing to help and co-operate in every possible way, but we did not think we should make it appear that we felt we had more information to rely on than had the other powers, who have all been dealing earnestly with the situation. The final suggestion upon which there seemed to be agreement was that all five of the permanent members of the security council would take responsibility in selecting the gentleman who would become the provisional commissioner in Jerusalem, who thus would have not only his own prestige but that of the five permanent members of the security council to assist him in his onerous duties.

Mr. STEWART (Winnipeg North): Has any consideration been given to the recognition of any new states which may shortly appear in that country?

Mr. ST. LAURENT: I would not like to attempt any premature statement about a situation which has not yet arisen.

AIR TRANSPORT

SERVICES ACROSS INTERNATIONAL BOUNDARY LINES AND OUTSIDE CANADA

On the orders of the day:

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, may I direct a question either to the Prime Minister or to the Minister of Transport? Is it still government policy that all air transport services across international boundary lines and outside Canada will be operated solely by Trans-Canada Air Lines? Will this policy apply

when Canada implements her part of the agreement for air service between this country and Australia?

Hon. LIONEL CHEVRIER (Minister of Transport): Thus far no change has been made in government policy with respect to trans-pacific air services. If and when a change is made, it will be announced.

SOUTH SASKATCHEWAN RIVER

INQUIRY AS TO BUILDING OF LOW LEVEL BRIDGE AT SASKATCHEWAN LANDING

On the orders of the day:

Mr. T. J. BENTLEY (Swift Current): Mr. Speaker may I direct a question to the Minister of Public Works of which I have given him notice? In view of the statement made yesterday by the Minister of Agriculture (Mr. Gardiner) is the Minister of Public Works prepared to say that he will grant permission for the Saskatchewan government to proceed with the building of a low level bridge across the South Saskatchewan river at Saskatchewan Landing?

Hon. ALPHONSE FOURNIER (Minister of Public Works): I have prepared a submission recommending to council approval of the site and plans for that proposed bridge. I have not yet presented it to council because I am awaiting a telegram from the Premier of Saskatchewan indicating whether he will accept the conditions contained in that submission as to the protection of navigation and future works that may be done on the Saskatchewan river.

OLEOMARGARINE

PRESS REPORTS AS TO IMPORTATION INTO CANADA

On the orders of the day:

Hon. J. J. McCANN (Minister of National Revenue): Mr. Speaker, yesterday on the orders of the day the hon. member for Cape Breton South (Mr. Gillis) asked a question about margarine and I have since had the opportunity of reading his remarks in *Hansard*. He asked whether certain sections of the public were immune from the law in respect to the importation of oleomargarine. I assure him and the house that no section of the public is immune from the law in this respect. The prohibition of the importation of this commodity imposed by tariff item 1204 is still in effect.

PEACE RIVER

INQUIRY AS TO BUILDING OF OUTLET

On the orders of the day:

Mr. WILLIAM IRVINE (Cariboo): I should like to address a question either to the Prime Minister or to the Minister of Transport. Perhaps it would be better to address it to the Prime Minister, because he is on record in regard to this question. Is it the intention of the government to do anything this year toward the building of the Peace river outlet?

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend is quite correct in saying that I am on record—I do not know how many years ago it was; but I can assure him the Minister of Transport has had the matter under consideration.

ABBOTSFORD AIRPORT

QUESTION OF EXPANSION OF FACILITIES

On the orders of the day:

Mr. G. A. CRUICKSHANK (Fraser Valley): I should like to direct a question to one of the ministers. I cannot direct it to a particular minister because I do not know under which department it comes. Is it the intention to expand the facilities of Abbotsford airport?

Hon. LIONEL CHEVRIER (Minister of Transport): I take responsibility for the jurisdiction over airports. I am not familiar with the particular airport to which my hon. friend refers, but I shall be glad to ascertain what the position is and tell him whether there is expansion in project or not.

Mr. CRUICKSHANK: I might be permitted to complete my question. The department is purchasing further property in connection with this airport, but at the present time it is standing idle. I should like to know what use is to be made of the present facilities and why further extension is contemplated when no use is made of the airport.

Mr. CHEVRIER: I am afraid I cannot answer the question now.

PENNY BANK

WINDING-UP OF BANK AND REPEAL OF THE PENNY BANK ACT

Mr. R. W. MAYHEW (Parliamentary Assistant to the Minister of Finance) moved the second reading of Bill No. 221, to provide for the winding-up of the Penny Bank of Ontario and the repeal of the Penny Bank Act.

He said: I desire to give a short explanation of this bill. The bill is to provide for the winding-up of the Penny Bank of Ontario and repeal of the Penny Bank Act, 1927. The Penny Bank of Ontario was incorporated by letters patent dated April 19, 1904. In 1942 the bank stopped accepting deposits, to avoid competing with the government sale of war

savings stamps and certificates to school children, and no deposits have been accepted since that time. May I say that the request for the winding-up of this bank did not come from the government; it came from the directors of the Penny Bank of Ontario itself. When the act is repealed it will be necessary to take certain steps, and I shall try to enumerate them. But first I should like to say a word on behalf of the department. They have appreciated the work of this bank. It has done a great service to the province of Ontario. It is true that only one province, namely, Ontario, has availed itself of the provisions of the act. It is thought wise to repeal the act once the Ontario bank have repealed theirs.

The steps that will have to be taken after this bill is passed will be as follows: one, the winding-up of the bank will be under the supervision of the inspector general of banks; two, the assets will be realized; three, the bank will discharge its liabilities; four, the bank will advertise, in the areas in which it carried on business, that it is being wound-up; five, on August 1, 1948, or on a later date if the Minister of Finance so decides, the bank will transfer to the post office savings bank an amount necessary to meet the aggregate of deposits of $1 or more; six, repay to the members of the bank amounts that they had paid into the guarantee fund and release other members from any liability to the bank pursuant to a subscription to the guarantee fund; seven, deposits of less than $1 which have remained dormant for five years will be extinguished; if not having remained dormant they will be transferred to the post office savings bank; eight, any amounts remaining after providing for the foregoing will be transferred to the Hospital for Sick Children in Toronto. The amount that will be transferred to the Hospital for Sick Children in Toronto will likely approximate $84,000 or $85,000. This will be the residues of moneys that have been earned and those that have lain dormant in the bank, which it would be pretty nearly impossible to distribute on any equitable basis.

Mr. T. L. CHURCH (Broadview): We are now on second reading of Bill No. 221, to provide for the winding up of the Penny Bank of Ontario and the repeal of the Penny Bank Act. I wish to point out one or two matters in connection with it, because no doubt the minister has had some requests for the winding up of this bank.

I am sorry to see this old penny bank wound up. It has had a long history in our city. It was the old public school board in Toronto that started this splendid work years ago. One of the founders was the late C. A. Brown, formerly chairman of the public school board. One of the advantages of it was that it encouraged savings and thrift among the school children who were in our city schools. If I may be permitted to say so, one of the glories of the Victorian era was that the people kept the state. Now, apparently, the principle is being changed; the state keeps the people. There never was a time in history when the lessons of thrift and savings were more important than they are at the present time. "Save the pennies and the dollars will look after themselves", used to be one of the favourite mottoes on the walls of the loan and saving companies. Workers used to go to the offices of these companies every Saturday night to deposit their 50 cents, $1 or $1.50, or some small fraction of their earnings.

It would be well for the government to reconsider its policy with regard to the penny bank and have it re-established on a new and better basis as part of the educational system of the country.

I am glad to see that section 4 provides that the residue is to go to a great and glorious cause, the Toronto Hospital for Sick Children, founded by the late John Ross Robertson, a great Canadian patriot who spent the best years of his life on public health and the Hospital for Sick Children, which has been such a blessing to our city and to our country. John Ross Robertson was one who in a long well-spent life of service and sacrifice served his God, his king and his country most faithfully and well.

I hope the government will consider this constructive suggestion and thus provide for future generations an important lesson on thrift and saving, which should be more necessary in the world to come than it has been in the past.

This matter was discussed this week at a large meeting of representatives from the school boards from all over Canada, held in the Chateau Laurier. I suggest that the principle I have espoused, of re-establishing the bank for the future on a new basis, should be taken into consideration. To recognize it and act upon it would be a blessing to the country.

The house of Commons in these days does not think in terms of pennies; it is dealing all the time in millions and billions, and when people soar away up in the sky like that, it is hard for them to come down again. There is an old Scottish saying, which the hon. member for Muskoka-Ontario (Mr. Macdonnell) will remember: When you go up in the clouds be sure you keep one foot on the ground; but

that does not seem possible when people are dealing with the astronomical figures that this house deals with now. No wonder the penny bank is being abolished. The government does not encourage thrift nowadays. It takes not only pennies but bigger sums and uses them to send people around the seven seas on useless trips of all kinds, duplicating and not reducing expenditures.

I hope that in the recess the government will consider a bill such as I have suggested, and that the Minister of Finance will introduce at the next session a measure national in scope, which will furnish a means whereby the children can save and be encouraged in the thrift which seems to be lacking everywhere today.

Mr. J. M. MACDONNELL (Muskoka-Ontario): I wish to make just one or two comments on the bill. With much of what the hon. member for Broadview (Mr. Church) has said I can agree, though I cannot follow his conclusion, because I do not think that any other course than that which is proposed could be adopted. Like him, I feel that the winding up of this useful institution is perhaps an indication that thrift is not as highly regarded nowadays as it used to be. Indeed, the very fact that in common parlance we call a half-penny a penny, when what we have in mind is a cent, is an indication that unconsciously the value of money has shrunk. I join with the hon. member in regretting the necessity for the step that is being taken; nevertheless, when you look at the situation as it is and consider that the public-spirited people who have been carrying on this enterprise have decided that it must be wound up, there is no other course, it seems to me, for the government to take.

This, it has been explained to me, is virtually a private bill which for constitutional reasons has come in as a government measure. As to the details of it, now that I am on my feet I might make one or two comments. As I understand it, it is proposed to return to the depositors what they have deposited, with the exception that special provision is made with regard to deposits of less than one dollar made by persons who have not been heard from for years, and the balance over and above the amount contributed by these public spirited founders is to be given to the sick children's hospital in Toronto, which, as has been pointed out, though it is referred to as a Toronto institution, does in fact serve the whole province of Ontario. Therefore the claims of the depositors have been fully taken care of, and whatever balance there is is being handed over to an institution which I think carries the approval of everybody.

[Mr. Church.]

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

Section 1 agreed to.

On section 2—Notice to be published.

Mr. MACDONNELL (Muskoka-Ontario): With reference to the question of advertisement, the bank as I understand it was carried on in many small places throughout Ontario. At one time it was in as many as fifty, and the number was reduced to thirty-five. There was at one time as much as a million and a half dollars in it. Where will advertisement be made? I hope it will be in the various small places where actually there are branches of the bank.

Mr. MAYHEW: That is the plan—to advertise it in small places where the bank has been in operation.

Section agreed to.

Sections 3 to 7 inclusive agreed to.

On section 8—Repeal.

Mr. JACKMAN: May I make a suggestion to the parliamentary assistant? I myself remember the penny bank when I attended public school and I can speak of the very useful service it rendered in inculcating the habit of saving among the children of that day, as it has up until the present. As I recall it, the teachers on a certain day of the week used to collect the coppers of the children and credit each child's contribution. It served a very good purpose and was a splendid example to children who might not otherwise have been able to save. It taught them what they should do if they wanted to get on and to provide for themselves in their old age.

Not only do the teachers deserve credit—we cannot trace their whereabouts at the present time—but the directors of the bank and the manager as well, and those who served in an honorary capacity, should be remembered. I might mention Professor Michael Mackenzie, of the university of Toronto, now emeritus, who was to a large extent the father of the idea in the city of Toronto. He gave unstintingly of his time, when called upon, to the organization of the penny bank.

I think it would be a fine gesture, inasmuch as many people who serve the public receive little or no recognition, if the parliamentary assistant or the Minister of Finance would send a letter, in recognition of his services, to Professor Mackenzie, and also recognize

in the same way those who have served this bank on a voluntary basis for a long period of time.

Mr. MAYHEW: We can readily accept the hon. member's suggestion, and on behalf of the Minister of Finance I assure him that such a letter will be sent. I too went to school in Ontario, and I can remember when the penny bank first came in.

Mr. JACKMAN: We were schoolmates.

Mr. MAYHEW: I know what it meant to the school children and to the teachers. A great deal of effort has been put into this institution, which was undoubtedly a success, but it is felt by the directors of the bank that there are other methods of serving the same purpose and that the teachers can be relieved of this responsibility. Those who have served the institution on a voluntary basis can also be relieved. But in their relief I assure you that the department is most grateful for the service they have rendered to the community. The hon. member for Broadview spoke about reinstituting another bill.

An hon. MEMBER: The hon. member for Rosedale.

Mr. MAYHEW: I do not know what will be done next year. But may I point out that this act has been in force since 1904, and only one province in Canada has established a bank. That would rather indicate that the rest of Canada was not ready for this kind of bank. However, the hon. member's suggestions will be considered.

Mr. CHURCH: I think the post office bank and the post office will have some difficulty in finding the addresses of some of the depositors in the Penny Bank.

Title agreed to.

Bill reported, read the third time and passed.

TREATIES OF PEACE

MEASURE WITH RESPECT TO TREATIES BETWEEN CANADA AND ITALY, ROUMANIA, HUNGARY AND FINLAND

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs) moved the second reading of Bill No. 248, to provide for carrying into effect the treaties of peace between Canada and Italy, Roumania, Hungary and Finland.

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

On section 1—Short title.

Mr. CHURCH: I just wish to take two or three minutes of the committee's time in connection with Bill No. 248 to provide for carrying into effect the treaties of peace between Canada and Italy, Roumania, Hungary and Finland. As I mentioned the other day, the people of Finland have always loved liberty and freedom. They were and are a fine people and a great many of them came to Canada before the second war. I pointed out also the other day that Russia secured a port in Finland and one in Norway, the port in Finland being at Petsamo. Hungary and Roumania have become Soviet satellite states and many of their people have been deported as slaves by the Soviets. There are several textbooks in the library dealing with the importations of these people by Soviet powers to work in the mines and breakwaters and many other things in the Arctic circle, for what reason I do not know. I noticed in the press in the last few days a discussion as to whether a military power could carry out warlike operations if war came—and we hope that it will never come again—in that north Canadian Arctic circle. Surely the government must have some information about the number of these slaves who have been imported out of Hungary, Roumania and these satellite states to the country I named, away up there in the north country and for what purpose; why they are working as slaves along the lines I indicated. The same thing applied to Italy as well until after their election there.

As I pointed out the other day, we have acquired the power of signing treaties separately. I never believed that it would be a good proposition for a country like Britain which, with her dominions, is vastly superior in natural resources, raw materials and manufacturers and many other ways, to either the United States or Russia. I never could understand why we did not hang together and declare a policy, as we did in two wars, regarding these particular countries and regarding these peace treaties. As Clemenceau, a former president of France, and some others have said, it is hard to make a treaty with Britain because she speaks with so many voices the world over. For that reason I think the government should tell us what their policy is. We have seen the policy of the government—we have no commitments; parliament will decide—regarding these treaties. That is what was said in San Francisco, or as declared there, where we gave one great power nation the power of veto. We know that the division of Europe was agreed upon at Potsdam and

Yalta and many other places where the leaders of the three countries, the United States, Britain and Russia, met to divide up the territory of Europe after the war and declared what was the power of the nations who had been in the war. We became just a minor state regarding these treaties. What had we to say about them? Little or nothing. We were told down at the united nations in New York, when the announcement was made, that we had very little to say in the peace terms. In connection with this Bill No. 248, I want to say that if the dominions had stood by the mother country, we would have had something to say in the peace treaties and we would not have let the mother country become a second-class power, two little islands on the edge of Europe.

I opposed the doctrine which was laid down shortly after the first war, shortly after I entered this House of Commons in 1922 and 1923, when it was proposed to divide Britain's representation along the lines that some of my friends in my own party supported at the close of the last war, proclaiming that in the treaty of Versailles and many other matters like that Canada should sign its name separately to treaties when we have no military force to enforce the first line of the treaty, I can only say that I see very little effect in what we shall have. We shall have only the minor part of a small nation. In San Francisco they divided the rich and the poor, the halt, the lame, and the blind, between the nations. They decided there that they would give to one great nation the veto power, and at the present time Russia is carrying it out in a disastrous way for the peace of the world. She has made a new peace pact proposal this week. Well, beware; because once bitten, twice shy; it would be a mistake to take seriously such appeasement proposals. If we close up for a year that institution at Lake Success, we might have some peace for years to come.

Regarding our signature to these treaties, I fail to see how it will result in help for the sick and suffering in Roumania and Hungary, countries which have become slave satellite states of Russia. According to some of the textbooks to which I was referring in the library, the number runs into a million or more. We should have some declaration by the government. Have they any information as to how many of these people in Roumania and Hungary, and to a minor extent in Finland, are being taken and placed in these slave camps up in the northern part of the Soviet country?

I do not think anything said here or any other place would do very much toward giving us any say in the making of these treaties. Any part we have will be very minor. We shall be told about it afterwards, as we were told about the agreements reached at Yalta, Potsdam, Moscow and so on.

That shows the folly of trying to make peace or obtain security by such methods at Lake Success. What security have we achieved at Lake Success? Have we been able to end the civil war in India, or Palestine, or get on better with Russia? Have we improved the condition in many other countries which are almost in a state of war? We may sign these treaties, but they cannot be enforced because we have no force to do so. All we can do is look pretty and pretend, as they are pretending at Lake Success, that we have security when there is no security at all. As Mr. Churchill has said, as Mr. Attlee has said, as Mr. Truman has said, and as General Bradley, the United States chief of staff, told a committee in Washington the other day, we are just as close to war as we were a few years ago, notwithstanding all the pretending we have done at Lake Success and other places.

Mr. GRAYDON: As I read this resolution, its purpose is to enable the governor in council to take such steps as may be necessary to put into effect the terms of the peace treaties to which parliament agreed last session. When the treaties were before the house at that time my recollection is that our position in Canada with respect to them was somewhat uncertain, though I am speaking from memory at the moment since I have not a single note before me. I believe the minister rather clarified the situation at that time and indicated that it was the opinion of this government, and some other governments closely allied with us in matters of this kind, that we should proceed to give approval to the treaties which had been agreed to at Paris.

At that time some question was raised as to whether or not we should consider and approve the treaties, but after hearing the explanation of the minister I was convinced that our proper course was to agree to them, and we did so. At that time, if my memory still serves me aright, there was some disposition on the part of the government to withhold deposit of the ratification of these treaties until the picture had become somewhat clearer, particularly with respect to central and other European countries.

At this stage I should like to ask the minister, when he rises to reply, to tell us when these ratifications were deposited; and if he happens to have with him the dates that will be so much better. Many of us who were simply laymen in these matters were concerned because of the changed conditions which were so obvious in at least some of the

states with which we were concluding treaties. In Hungary, particularly, as hon. members know, a communist-controlled government with, as I believe some observers have pointed out, the support of not more than seventeen per cent of the people, had achieved office. Naturally, for that reason the people of this country felt we should go slowly in any further moves respecting the approval of the peace treaty, in case that change of government should bring about some change in our relations to the country as a whole. Following the Paris conference, of course, Roumania found herself in a peculiar position and became dominated by communist influence. We all remember that not so long ago the king of that country found it necessary or advisable, whatever may be the proper term, to abdicate, so that today he is no longer the reigning sovereign.

Then, of course, we come to the question of Finland, a country which has had a pretty checkered career since 1939. That checkered career has not always been of her own making, but Finland today certainly is not the envy of any nation of the world, in view of the obvious pressure which has been brought to bear by her powerful neighbour, the Union of Soviet Socialist Republics. I think Finland must be congratulated on standing out as long as humanly possible against the great pressure that has been exercised against her; but she is a small nation right beside one of the major powers of the world. For that reason, of course, we may expect almost anything to happen, having in mind what has happened to other states coming within the Russian orbit.

Other changes have taken place since the Paris conference. Had we been in session some months ago, we would have been expressing fears and suspicions with respect to the Italian situation. Fortunately for democracy, in its free elections only a few weeks ago that country left no doubt in the minds of the people everywhere that if the people are aroused, if elections are free, and if democracy is allowed to function as it should, the people prefer democracy to communism, in spite of all the pressure that no doubt was applied to that country in common with the other nations of Europe.

Prior to the Italian elections, the United Kingdom and the United States made certain suggestions and proposals which I think at the time were favourably received by the Italian people. One of those proposals was that the free territory of Trieste—this was part of the settlement of peace between the allied powers and Italy at the Paris conference—should be restored to the Italian people. No doubt that was one of the diplomatic moves which was acceptable to the Italians at that time, and no doubt it still is. Some suggestion has been made with respect to making the peace a little easier so far as the African colonies go, but I am not as familiar with that. When the minister replies in this debate I should like him to indicate what the position is now with respect to the two powers' proposal for the restoration of the free territory of Trieste to the Italian people. As a matter of fact, I think when a question was asked the minister of external affairs in the house about that time his answer seemed to indicate that, while the Canadian government might not be primarily implicated in such a proposal, nevertheless it seemed to go along with the other two great powers.

That brings me to another point. By the effluxion of time a great change has taken place in the governmental complexion of nearly all the four nations, with the possible exception of Italy. I am wondering whether, in view of that fact, changes have been suggested. Nations like Hungary, nations like Roumania and nations like Poland can no longer be termed separate, independent sovereign powers as we once understood independent and sovereign powers to mean. Surely that is one of the things we have to take account of in our dealings with what might be called the satellitic countries of Russia.

Communism when it puts its arms around a nation never lets that nation go so long as those arms remain strong. The result is that we have now not free and independent nations bordering on the Union of Soviet Socialist Republics; we have the amalgamation of government after government under the flag of communism and under no other flag. In those countries are still people with democratic ideals and democratic objectives. Perhaps we in this country should not be too hard upon those nations particularly upon those sections of people who perhaps in the years that lie ahead may be the nucleus for the revival of democracy in central and eastern Europe.

Mr. HARRIS (Danforth): Just now they are smothered.

Mr. GRAYDON: As the hon. member for Danforth so very aptly properly and characteristically says they are smothered. Nevertheless we have to treat governments as we find them. I am wondering whether we can continue to treat these governments in the same way as we treat other governments all over the world. They are not synonymous in their position with other free and independent governments. In other words we must in the future recognize that these people are under the red flag of communism and for that reason

they must be treated at least until they can revive their democratic systems in that particular way in that particular manner and in that particular fashion.

I want to say something now because I raised this point in a previous debate. I do not want to be regarded as one who is attempting in any way to raise questions about what are officially friendly powers. However I get pretty tired and I think the public is getting pretty tired too with the kind of propaganda that is being carried on in this and other countries. This propaganda which could be called war-mongering is carried on by communist agents and those responsible for the communist line. I am disgusted at times to find our democratic freedom allowing that kind of thing to go on in the way it has.

On the other hand we must not in this country allow ourselves to adopt an attitude or a policy which will be so akin to theirs that we may be regarded as being no better than they are. But there comes a limit to how far a country can allow those who are diplomatically immune to carry on anything more than the normal diplomatic relations between countries. The diplomatic service of the world was built up before there was such a thing as nations which not only had their own territorial ambitions but for some reason or another were not satisfied but wanted to use all means at their disposal that might be legal to see if they could not upset the governments in those countries where they had diplomatic representation.

There comes a limit to how far we can possibly allow that kind of thing to go on. I have no doubt but that the government and the ministry are alert and alive to the situation but I want to tell the committee and the government that certainly when the Dominion of Canada sends a representative to another country he should leave the system of government that exists there severely alone. The kind of government that another country either deserves or wants or merits is none of our business. But we ask other countries to do the same thing to us. What is sauce for the goose is surely sauce for the gander in international affairs the same as in agricultural matters.

I should like to see an end to all this international trouble-making. I do not want to be suspicious of any nation but I have studied the report of the espionage committee and I have watched various things that have happened. People have come to me and said that there was a certain liaison between some of the states in central and eastern Europe and their communistic supporters here and that from time to time they had intimidated perhaps not directly but certainly indirectly certain democratic people in Canada who had relatives over there.

I think the time has come for a showdown with respect to at least some of these diplomatic immunities and some of these diplomatic representatives. We do not ask them to do anything more or less in Canada than we ourselves are prepared to do in other countries. Our embassies must never be allowed to act in such a way as to be accused even indirectly of having the slightest thing to do with anything that looks like espionage. Not only is that important in our diplomatic relations, but it is our people's job to leave other governments alone. Most nations have enough to do looking after their own governments, and, Mr. Chairman, we have that problem here ourselves at times. If we can make a good job of our own government and our own democratic system in the Dominion of Canada, that will be about enough, for the present in any event, for our people to look after.

I think it can truly be said to the great credit of our diplomatic corps generally that I have never heard even a breath of suspicion, and I hope I never shall, with respect to the kind of representation they give in other countries. But so far as other countries are concerned, particularly those which are pressing for a different political and economic system in other countries in which they have embassies and representation, I suggest, and I am very serious in my suggestion, that somehow or another we must see to it that those embassies and their representatives are giving the same kind of representation that we are giving in other countries. I think it is no more than just and proper for us to ask that.

These are just impromptu observations; nevertheless I feel keenly about the matter. I think we as a nation have probably as friendly an outlook and as peaceful ambitions as any other nation in the world. Our people in their daily life and by nature are a peace-loving people, and it annoys me and must agitate people generally across Canada to think there may be other people in the world who do not think likewise. I certainly believe that this nation has a great function to perform in securing and preserving world peace. As has been so forcefully pointed out by many much better qualified and more eloquent than I, there are no aims, national or international, which this country has which cannot be gratified by peace.

I want to ask the minister one other question, if I may, with respect to clause 3 of the

bill. The powers which he is now seeking from parliament by this clause are very broad. The clause reads:

> The governor in council may make such appointments, establish such offices, make such orders or regulations and do such things as appear to him to be necessary for carrying out the treaties, and for giving effect to any of the provisions thereof.

I think it would be of interest to the committee to have the minister explain just what parts or provisions of the peace treaties will require this authority to be exercised by the governor in council. Perhaps the minister would also inform the committee why this particular fine and term of imprisonment have been decided upon. I have no great objection to the clause, but when we had the united nations bill before us containing a similar clause, if my memory serves me aright, major amendments were offered with respect to fines, imprisonment and the like. I am not so sure but that the provision contained in section 5 of the bill with respect to laying before parliament every order or regulation was not also amended.

I did not intend to say much about this bill and I have gone perhaps a little further than the minister expected me to do, but I do not apologize for taking up the time of the house because, when I believe a thing, I am apt to tell the world about it, and that is what I have done on this occasion.

The DEPUTY CHAIRMAN: The only thing before the committee is clause 1, the short title. I think we should dispose of that before dealing with the other clauses.

Mr. GRAYDON: May I just say in reply, Mr. Chairman, that we allowed the bill to go through without debate on the second reading, and for that reason I thought you would be lenient in permitting discussion in committee.

Mr. ST. LAURENT: There was a debate on the resolution.

Mr. GRAYDON: Yes, but not on the second reading.

The DEPUTY CHAIRMAN: If we carry clause 1, questions can be asked on the other clauses as we reach them.

Mr. GRAYDON: I agree, Mr. Chairman.

Mr. HARRIS (Danforth): Suppose clause 1 does not carry?

The DEPUTY CHAIRMAN: It is for the committee to decide.

Section agreed to.

Section 2 agreed to.

On section 3—Orders and regulations.

Mr. MACDONNELL (Muskoka-Ontario): I should like to ask the minister one or two questions on this clause. I think it is a matter of some importance. The small number of members present, who may be regarded as the elite of parliament, will at any rate give attention to this point. Clause 3 states:

> The governor in council may make such appointments, establish such offices . . . as appear to him to be necessary.

There are two questions I wish to ask the minister, and the hon. member for Peel has anticipated one of them. What kind of things is it that we shall likely have to be doing to contribute to the carrying out of these treaties?

My second question is this, and as the minister was formerly minister of justice he will be able to enlighten me. If you read clauses 3 and 4 together you will see that the governor in council is able virtually to create criminal offences without parliament having any idea up to the present of what kind of things will be made criminal offences. I do not want to be an alarmist about this, but I ask the minister whether this is the usual method of legislating, and whether he, in his capacity as a member of the legal profession and as a former minister of justice, approves this indirect way of creating offences in respect of people who afterwards may be heavily punished.

Clause 5 provides that these regulations shall be laid before parliament, but I do not understand from that that parliament has any power at that time to alter them in any way. However, that does not seem to me to be so relevant. The chief point of my question is to ask the minister whether I am correct, first of all, in saying that this gives to the cabinet, the governor in council, the power to make criminal offences by executive act, and whether that seems to be the sound way of doing it.

Mr. ST. LAURENT: Perhaps I might deal with the observations that have been made by hon. members who have spoken. First of all, there are those made by the hon. member for Broadview. Although I do not agree with him, I can sympathize with his point of view. I remember a few years ago visiting the Peribonca district depicted by Louis Hemon in "Maria Chapdelaine", but it had changed. Some would regret the change that had taken place, but it was none the less real. The hon. member for Broadview must admit that things have changed since the time there was only one signature affixed for the British empire to

international treaties. Some may regard that as an undesirable change. I am not going to argue the matter with the hon. member for Broadview at this time. The change has occurred, and I do not think we are apt to retrace the steps that have brought about the change.

The hon. member for Peel asked what were the dates of the deposits of the ratifications. That of the treaty with Italy was deposited on September 15, 1947, and the other three on September 19, 1947. The hon. member is right, that when the treaties were approved there was a declaration made that the time for depositing the ratifications had not yet been determined, and would be determined in consultation with the other powers which had signed the same treaty. The matter that was then foremost in our minds was the date for the deposit of the ratification of the treaty with Italy. The government of Italy was hesitating about accepting the provisions of the treaty, and it was only after some harmony had been brought into the councils of the then government of Italy in respect to that, that the other signatories to the treaty arranged for a date when they would, practically all of them, at the same time deposit their ratifications. The same was done with respect to the other three treaties.

It is unfortunate, I think, for the democratic peoples of the world that in Roumania and Hungary there have occurred these seizings of power by governments which we regard as totalitarian communist governments relying upon the power of the police to keep themselves in office. Fortunately the same thing has not occurred in Italy. I think the democratic peoples of the world were quite elated to find that in Italy, there having been a free election conducted in an orderly way, the Italian people chose to remain with the western democracies. I believe we were delighted at their desire to remain with us, and we hope that from now onward their paths will parallel ours in the maintenance of free democratic institutions.

The hon. member for Peel asked what has happened with respect to the proposal of the United Kingdom, the United States and France that the peace treaty with Italy be revised to return to Italy what had been set aside as the free territory of Trieste. That has not made very much progress. Approaches have been made to the Soviet government to fix a date for a meeting to discuss a protocol to modify the treaty. I am hopeful that such a meeting will be arranged. It is well known that most of the signatories to the treaty are now of opinion that the system which had been devised for Trieste has not been respected. They envisaged a really free territory of Trieste without interference from the two neighbours. They found that that was not going to operate, and that there would not be the kind of free territory that the treaty envisaged. I think that is the reason they came to the conclusion—and we also came to that conclusion—that the only practicable solution would be to replace that territory under the administration of the Italian government.

The hon. member asked about the former colonies. That matter is still being carefully investigated by the council of the foreign ministers, and we must confess that things are being dealt with, not in the manner we would like best, but in the manner which the circumstances seem to make it necessary for us to acquiesce in as being the ones best calculated to obtain results. I do not know what will become of the former Italian colonies. I think it is a fact that there is an over-population of the Italian mainland and of Sicily, and that there is there a high birth rate that is bringing about a situation where annually large numbers of men find that they should go somewhere else. There is not really enough living space there for them to exercise fully their activities. When they had colonies that surplus of population emigrated to the colonies. Prior to that, many of them emigrated to the western hemisphere, both North and South America. There is, I think, a larger force of manpower in Italy than can be profitably used to the full extent of its capabilities.

Mr. HARRIS (Danforth): A large number are in north Australia.

Mr. ST. LAURENT: Large numbers have gone to north Australia I think there is a realization coming upon us all that it will be to the advantage of us all not to keep them herded into places where they cannot produce for humanity that which they could make available in wider spaces.

The hon. member for Peel asked what parts of the treaty it would be necessary to implement. I think the hon. member was unavoidably away from the house when we had a discussion on the resolution.

Mr. GRAYDON: Yes, I was.

Mr. ST. LAURENT: At that time it was explained that, the treaty of course having been approved by the houses of parliament and ratifications of His Majesty having been deposited, the governments were bound, but under our system the nationals in Canada

do not become obligated to the terms of the treaty by virtue of its ratification. In the United States when a treaty is ratified it becomes part of the law of the land and imposes obligations on United States citizens. Under our system, though the governments may bind themselves, it requires legislation to impose obligations upon our nationals. Some of that legislation is within our competence in the dominion parliament; some of it may be within the competence of provincial legislatures, as was decided by the privy council in the reference of 1936.

There are provisions in these treaties to attempt to restore the rights of Italian nationals in patents, for example, that were operative in Canada. There are provisions to restore the rights of Canadian nationals in patents that they might have had that were operative in Italy. There are provisions dealing with the settlement of debts, providing that the period of the war shall be excluded from the normal period of statutory limitation. There are also provisions that the assets of Italians vested in the custodian of enemy property may be held and appropriated by the custodian to satisfy the claims of Canadian individuals, and provisions for the collecting of these claims and adjudicating upon their substance to determine what distribution can be made in satisfaction of such claims.

It is for matters of that kind that this legislation is required. As to the form, the legislation is practically copied from the statutes that were passed in 1919, 1920 and 1922, those of 1919 and 1920 having been recommended to parliament by the Conservative government of that time, and that of 1922 having been recommended to parliament by the then Liberal government, in exactly the same form.

The hon. member asked what officials it may be necessary to appoint. I inquired as to what officials were appointed under the statutes that were passed in this form to implement former treaties, and the information I got was that the only official specially appointed was an official to receive and consider the claims of Canadians for compensation out of assets confiscated by the custodian of enemy property.

The question was asked, at the resolution stage, what expenditure might have to be made. This provides that such expenditures as may have to be made will be out of money to be appropriated by parliament. I found that there was no special appropriation except for the salary and expenses of this official who gathered together the claims and dealt with them. There were other matters attended to by other civil servants which did not involve any special expenditure, which took part of their time, and they received their remuneration as part of their regular salary. It is matters of that kind that have to be dealt with, and it did seem to me that it was urgent to have this passed. A similar bill, however, was passed by the parliament of the United Kingdom.

Mr. GRAYDON: On all fours with this?

Mr. ST. LAURENT: Substantially on all fours. There may be some difference in the order in which the things are expressed. For instance, in our bill we have six sections. In the previous statutes the matter of these six sections was comprised in the preamble and in two sections. The present bill contains the same substance with the exception of this provision for laying before parliament, within fifteen days after it has met, any order in council that is passed. That was inserted, because my experience with this house has been that whenever something of legislative effect is authorized to be done by the governor in council, parliament wants it tabled at an early day. So that to forestall any request that might have been made for that kind of provision it was thought advisable to have it inserted in the bill before it was introduced.

Mr. MACDONNELL (Muskoka-Ontario): Does the minister know whether in fact the regulations did come to be made under the previous statute?

Mr. ST. LAURENT: Yes. I have the reference here. Following the treaty of Versailles, Canada enacted a statute, chapter 30 of 1919, second section. Under section 1 of that statute the governor in council was empowered to make "such appointments" and so forth, and in pursuance of this statute the governor in council established the treaty of peace, Germany, 1920, order in council P.C. 755 of April 14, 1920. This order is printed at page XXVIII of the prefix to the statutes of 1920. The order provided for dates and for the liquidation of enemy property in Canada, and for the exclusion from the period of limitation of the period during which the nationals of Canada and the nationals of Germany had been at war.

Mr. MACDONNELL (Muskoka-Ontario): I do not suppose many people were imprisoned under it?

Mr. ST. LAURENT: I do not think there was any violation by anyone of any of the provisions of the order, but that is the form.

It being legislation to make effective upon the nationals of Canada obligations contracted by the government of Canada, it is usual to provide for a penalty if there is violation.

Mr. KNOWLES: And this bill deals only with matters of that kind?

Mr. ST. LAURENT: That is all it deals with, namely the desirability of having Canadian nationals comply with the things which the parliament of Canada has approved as being proper obligations for the government of Canada to undertake for its people.

The DEPUTY CHAIRMAN: Shall clause 3 carry?

Mr. LOW: I wish to ask a question under clause 3. Does the minister intend to press with dispatch the setting up of consular offices in such countries as Hungary and Roumania? I have received many inquiries with regard to inspection depots and that sort of thing for prospective immigrants who, I understand, have not been able to have inspections facilitated because we have not had the facilities in those countries. Often such immigrants have relatives who have been here for some time.

Mr. ST. LAURENT: I do not think the delay is due chiefly to the fact that there were no consular offices established there. The department of immigration has been developing its continental European services as rapidly as it could conveniently do so and is continuing to develop those immigration services, as we feel quite keenly that those who are eligible to come to Canada because they have close relatives residing in Canada, should get here just as soon as we can make it possible for them to do so.

Mr. GRAYDON: If the government could somehow try to get these relatives out of Europe with as little delay as possible, that should be done, because there is great anxiety, as he knows. It would be in the interests of everyone if that could be accomplished as expeditiously as possible.

Mr. ST. LAURENT: I can give my hon. friend the assurance that not only are we motivated by high humanitarian considerations, but we realize that politically it is desirable to have that attended to with the greatest possible expedition.

Mr. POULIOT: Mr. Chairman, I do not wish to take much time, but I desire to express some sorrow, not at the conclusion of peace but that this legislation is similar to that which has been passed by the parliament

[Mr. St. Laurent.]

at Westminster. We were told by the minister that the king or his representative had signed the treaty, that both houses of parliament at Westminster had ratified it and that it comes to us for another ratification without a change.

Mr. ST. LAURENT: Would the hon. member permit an interjection?

Mr. POULIOT: Yes.

Mr. ST. LAURENT: When I referred to approval of the houses of parliament, I mean the approval of the houses of parliament of Canada, which was given last year.

Mr. POULIOT: That is a great deal better. I do not say that in a way to offend the opinion of anyone. I express my own. Even the fact that the bill is similar to the bill passed by Westminster is no argument for me. A bill may be good or bad. If we take it for granted that all the legislation which is passed by Westminster is good, then it may be all right; but in that case we should never speak of autonomy.

What strikes me is the existence of two different attitudes. On the one hand, we follow closely the legislation of Westminster; on the other hand, we contend that we are autonomous and self-governing. Those are contradictory assertions. We cannot be both at the same time. We cannot follow what is done over there at Westminster and imitate it, and at the same time contend that we do so willingly and that we are independent. That is a thing that I understand with difficulty. The time has come when we must assert our self-government or admit that the situation has not changed over the years, and that the only change is one of words. When I asked some questions about the same matter at the resolution stage, I did not want to make any remark about the Secretary of State for External Affairs who was in Canada when the matter was discussed in 1946. I could have been cruel to the Minister of National Defence, but I abstained. For me the matter is now in the domain of the past. We are now called upon to discuss a matter of some importance but one which happened some time ago.

I wonder, Mr. Chairman, if I could adjourn the discussion. I have only a few questions to ask.

The DEPUTY CHAIRMAN: Go ahead.

Mr. POULIOT: Very well. It seems to me that I have made myself clear on the matter. The reason I rise now is that I am afraid that if I discuss the treaty after this bill is passed, I may be fined or put in prison. The bill, which is similar to the one that was

passed in Westminster, is drafted in such a way that if the bill is passed the treaty will become sacrosanct. If we refer again to clause 3, we find it reads as follows:

The governor in council may make such appointments, etablish such offices, make such orders or regulations and do such things as appear to him to be necessary for carrying out the treaties, and for giving effect to any of the provisions thereof.

Then here are the penalties:

4. (1) Subject to subsection two, the governor in council may prescribe a fine or a term of imprisonment or both a fine and a term of imprisonment as a penalty for violation of any order or regulation, and may also prescribe whether the penalty shall be imposed upon summary conviction or upon conviction under indictment or upon either summary conviction or conviction under indictment.

Then it is set out that the fine may be $100 or $1,000. I shall not dwell further on the matter, but I do not consider that the importance we give to the ratification of these treaties can be compared with the non-importance that is given to Canada in those meetings of the big powers.

As I say, I will not dwell further on the matter, but I have a feeling of sorrow about the small role that Canada is playing in these matters. I will repeat, to you, Mr. Chairman, that the voice of the Secretary of State for External Affairs should be the voice of Canada; and I believe that Canada can do much more by expressing her own opinions through the eloquent minister than through anyone representing the United Kingdom.

Section agreed to.

Sections 5 and 6 agreed to.

Bill reported, read the third time and passed.

POSTAL SERVICE

MAIL CONTRACTS—SUPPLEMENTAL PAYMENTS ACT AMENDMENT

Hon. ERNEST BERTRAND (Postmaster General) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Supplemental Payments Act to provide that no supplemental payments shall be authorized under the act after the thirty-first day of March, 1949.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the consideration of the house.

Motion agreed to and the house went into committee, Mr. Golding in the chair.

Mr. GRAYDON: I am always anxious not to deprive the minister of any little pleasures that come his way. I know he has been waiting to give a thorough and detailed explanation of his stewardship over the last year, and also to indicate his plans for the future. I think this committee should not deny him that pleasure.

Mr. BERTRAND (Laurier): The bill is very short, as everyone can see.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the deputy of His Excellency the Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate chamber.

And having returned.

Mr. SPEAKER informed the house that His Honour the Deputy Governor General had been pleased to give, in His Majesty's name, the royal assent to the following bills:

BILLS ASSENTED TO

An Act respecting the appointment of auditors for national railways.

An Act to amend the Animal Contagious Diseases Act.

An Act to amend the Export Credits Insurance Act.

An Act to amend the Export and Import Permits Act.

An Act to amend the War Service Grants Act, 1944.

An Act respecting the provisional fur seal agreement between Canada and the United States of America.

An Act to amend the Northwest Territories Act.

An Act to amend the Dominion Water Power Act.

An Act to amend the Vocational Training Coordination Act, 1942.

An Act to amend the Prairie Farm Assistance Act, 1939.

An Act to amend the Prisons and Reformatories Act.

An Act to amend the National Parks Act.

An Act to amend the Unemployment Insurance Act, 1940.

An Act respecting emergency payments to assist in meeting increased cost of production of gold.

An Act to amend the North Fraser Harbour Commissioners Act.

An Act to amend the Royal Canadian Mounted Police Act.

An Act to amend the Railway Act.

An Act to amend the Pension Act.

An Act to amend the Prairie Farm Rehabilitation Act.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1949.

An Act to provide for the winding-up of the Penny Bank of Ontario and to repeal the Penny Bank Act.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CANADIAN LEGION OF THE BRITISH EMPIRE SERVICE LEAGUE

Mr. RALPH MAYBANK (Winnipeg South Centre): Mr. Speaker, I rise to a question of privilege to ask that a certain bill on the order paper may, with unanimous consent, be considered first. It is Bill No. 281, to incorporate the Canadian Legion, and I believe it is completely non-controversial so far as the second reading is concerned. Discussion might be necessary on some of the clauses in committee. The convention of the legion is to be held in a very few days and it is desired to have this incorporation effective by that time; in fact, it is practically a necessity that that be so. The miscellaneous private bills committee has been called for Monday with a view to dealing with this bill. I would therefore ask for the unanimous consent of the house to call this bill ahead of the others.

Mr. SPEAKER: Has the hon. member unanimous consent?

Some hon. MEMBERS: Agreed.

Mr. MAYBANK (for Mr. Mutch) moved the second reading of Bill No. 281, to incorporate the Canadian Legion of the British Empire Service League.

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

On section 1—Interpretation.

Mr. LENNARD: Will somebody explain the bill?

Mr. POULIOT: Mr. Chairman, I have just one observation to make about the bill. It concerns the spirit that exists in the legion, concerning its members. I have been very much surprised that the legion has banned all the men who have not signed for active service overseas. Many men who have abided by the law and the regulations and have obeyed the orders given to them by their commanding officers are thrown aside by the

legion. The only heroes accepted by the legion are those who have signed for overseas service, even if they have not gone overseas. But there are some men who have not signed for overseas service but have gone overseas according to the orders they received. I remember such cases, and one in particular, of a man who had not signed for overseas service but was sent overseas and did his duty, and when he came back he was not even given the preference granted to military men by the civil service commission. I had to write about the matter to have that wrong redressed. I find that the spirit of the legion is wrong in banning those who have abided by the law. The legion calls these men zombies and does not treat them as good Canadian citizens. There should be a warning given to the legion that it is most unfair to those who have done their duty and abided by the law on every occasion.

Mr. CHURCH: The incorporators, whose names are all set out in the bill, are all very good people. There never was a time since the two wars closed when an organization like the Canadian Legion was needed as much as it is today. For years the veteran and his family got no recognition in the matter of housing, the high cost of living and many other matters. An organization like this, when it is incorporated under the laws of Canada and made to work for the general advantage of Canada, will be able to do a great deal of good in bringing to the attention of parliament the needs of the veterans and the necessity of bringing our veterans legislation up to date. I referred to this on March 8, when the Minister of Veterans Affairs introduced his bill. I am glad to see that progress has been made. I think this bill is in the public interest.

Mr. GILLIS: Mr. Chairman, I understand that the hon. member who is piloting this bill through the house has not made any explanation of it. Personally I should like to have an explanation. The legion got along very well for a long time without legislation of this kind. They were incorporated under the companies acts of the various provinces.

The DEPUTY CHAIRMAN: Order. We are on clause 1, the interpretation clause defining "dominion convention", "dominion command", "provincial command", and "branch".

Mr. GILLIS: I understand that, Mr. Chairman, but that does not tell us why the legion wants to be incorporated under federal law. There are some sections of this bill which I do not like; section 9, for instance.

The DEPUTY CHAIRMAN: We can deal with section 9 when we come to it.

Mr. GILLIS: Before this bill is discussed at all, I think we should have an explanation from the hon. member who is piloting it through the house. Why is this legislation necessary at this time for an organization which has functioned successfully for the last twenty-two or twenty-three years without federal incorporation? What is the hurry for it? Apparently the hon. member who is piloting it through the committee asked for unanimous consent to have it moved up tonight. If there is a need for it, if there is a rush to get it, if there is urgency for it I should like the hon. member to explain that to the committee. If that is done hon. members will be in a position more intelligently to consider the clauses as we go along.

Mr. MAYBANK: Mr. Chairman, I consider that not only what the hon. member has said, and the questions that he has asked are quite in order, but he would not have been speaking if he were not in order—

Mr. POULIOT: Hear, hear.

Mr. MAYBANK: He will agree with that himself. The reason I gave no explanation at the time of second reading being moved was that I felt in asking for unanimous consent I had already said about all that it was necessary to say in explaining the reasons for the desire.

It is undoubtedly true that the Canadian Legion has got along well over a great many years under the kind of organization which it enjoys at the present time; but it is also true, I am informed by the officers of the legion, that the present form of organization leaves much to be desired; and in particular, they are organized under letters patent in the company's office followed by certain supplementary letters patent.

The general legislation which permits the issuance of such kinds of charters is not, in the opinion of the Secretary of State's department, appropriate for this kind of an organization. For some time there has been a fear existing that there would be a responsibility, a legal responsibility and liability, upon the central body by reason of some act of a branch. Perhaps there was some fear of some responsibility upon the branch by reason of actions of somebody at the centre. At any rate, after long consideration the members of the Canadian Legion concluded, as many organizations do from time to time, that it was desirable they should operate hereafter under a dominion charter.

Generally speaking, I think it is fair to say that with reference to private bills, unless there is something objectionable from the point of view of public policy, the house has granted the incorporation substantially in the manner in which it was asked unless, of course, there would be something contrary to public policy about it. We have incorporated large numbers of fraternal societies and co-operative bodies, commercial companies, both profit and non-profit, and we have generally taken the position—and I submit it is a sound one to take—that an organization of this kind knows its own business best, and knows what is best in regard to the sort of incorporation it ought to have.

That takes care of what I might call a general explanation as to why the bill comes forward. For the benefit of the hon. member, and perhaps some others who were not present at the time I asked for unanimous consent, I might repeat what I said then. At that time I asked for the unanimous consent of the house to proceed for two reasons. These reasons were, the convention of the legion itself is to be held in a few days. They wish to effect the change-over from the organization under the form in which it is at the present to an organization in this new form. The other reason was that, in the event of the bill being referred to the private bills committee, this could be effected. On that representation the house granted, and I thank hon. members for it, the opportunity to go ahead at this time.

The hon. member made reference to certain sections, and I pointed out at the time that these sections would perhaps require discussion in committee. I can understand that the hon. member would need an explanation with regard to them, and were I—if I might paraphrase the Minister of Labour—sitting where the hon. member sits, or were I sitting where I usually sit, I would want an explanation in regard to these sections. But I submit, Mr. Chairman, that they can come up in a few minutes if we pass the sections leading up to them.

Mr. GILLIS: I want to assure the committee that I have no intention of holding up this legislation. The thing that strikes me as peculiar is this. I have been a member of the legion since its inception; I still am. I have never had a request from any branch in the province of Nova Scotia or anywhere else in Canada for this kind of legislation. I am always suspicious of legislation that emanates from the top. If there were a widespread demand for this from the rank and file members of the legion I could understand it; but when a bill comes before us sponsored by the executive council, asking for a change in the

form of organization, without consultation with the rank and file end of it, then, as far as I am concerned, I think it is my duty and the duty of hon. members, to make absolutely certain that the changes asked for are in the best interests of the organization and of the membership in general.

I am prepared to go ahead with the bill, but there are some explanations I want. I always dislike to see the control of any organization slipping from the hands of the rank and file membership to the executive body. I do not think it is good business, and that is what I see in this particular case. I may be wrong. I do not think, under the old set-up, the dominion command or the provincial command could be taken to task for any of the failings of the member branches. Constitutional provisions and safeguards are set up to take care of that through the medium of their own councils. I do not like the idea of incorporating bodies such as the legion, a labour organization, or matters of that kind. I think their separate councils can legislate for themselves through their conventions and through their constitutions. They have ample safeguards there. However, the executive heads of the legion are sponsoring this bill. If they want it, I want assurance that none of the rights now vested in the branches and provinces are being usurped by the dominion charter which is being sought by this bill.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—Purposes and objects.

Mr. LENNARD: I wish to ask a question on this section to avoid any confusion. I thought I heard mentioned this evening those who were or were not permitted to become members of the Canadian Legion. It is my understanding that the membership classifications are very broad. It includes anyone who served in His Majesty's navy, army or air force, whether they served overseas or not. It is not a question of whether a man served outside Canada. I do not think there is any restriction so long as he served in one of the armed forces or auxiliary forces.

Mr. MAYBANK: I think that is correct.

Section agreed to.

On section 5—Governing body.

Mr. ADAMSON: I should like to ask a question in regard to incorporation. The names of the incorporators are given, headed by General Price. Nothing is said about the method of replacing officers by meeting or by annual convention of the legion. I do not see any section of the bill mentioning that.

Mr. MAYBANK: Yes, I think the matter of a convention is dealt with in section 6, which will come up a little later.

Mr. GILLIS: Mr. Chairman, this is the kind of thing I was arguing about a moment ago. Clause 5 reads:

> The governing body of the legion shall be the dominion convention, and when it is not in session the dominion executive council, and the governing body shall have supreme jurisdiction in all matters consistent with the purposes and objects of the legion, and its decisions on policy and as to the course of action to be taken in respect thereof shall be authoritative and binding upon all commands, councils and branches.

That is the kind of thing to which I am opposed. There is another section according to which conventions will be obligatory every two or three years. This clause 5 makes the executive council of the legion, between conventions, supreme in all matters of policy over any other body, consistent with what in their opinion may be the proper course to follow.

I do not like that and I do not think that, by law, this parliament should give to any small group of people at the top, in any organization, the right to determine and define policy for two years between conventions, in all matters pertaining to the welfare of a national organization like the Canadian Legion.

This organization ramifies through the social structure of our society and from time to time there are shifts in policy. What is good policy today may not have been good policy yesterday. In addition to that, from province to province and from section to section through the community there will be a completely different picture. Matters that would be good policy in Ontario may be bad policy in Quebec, and similarly in the east and in the west. This takes the right from commands provincially and branches locally to determine matters in pursuance of their own set-up in their own communities. I think it is too much power to vest in the executive council of the legion. If they had said at least in consultation with—

Mr. ROBINSON (Bruce): Will the hon. member permit a question?

Mr. GILLIS: Certainly.

Mr. ROBINSON (Bruce): Is the hon. member taking into consideration the fact that the executive council was appointed by the same people to whom he is referring? If anything arises to indicate that they are not doing what is proper these same people could do something about it.

Mr. GILLIS: I am aware of that. I sat on these councils for some time and I know how they work. You may have a chance to change them at the next convention, but if you adopt this bill it will be two or three years by law. That is a part of the bill. In the meantime they have the right to run the show. That is not good legislation. If the executive council dominion command desires to have that authority it should at least in the interim between conventions be obliged to consult with the provincial executives of the different provinces on matters pertaining to policy and so forth. I am not prepared to vest this authority in the executive council of any organization.

The DEPUTY CHAIRMAN: Shall clause 5 carry?

Some hon. MEMBERS: No.

Mr. GILLIS: On division.

Mr. BENTLEY: Mr. Chairman—

Mr. MAYBANK: It may be that I can clear up a point that will satisfy the hon. member for Cape Breton South and the hon. gentleman who is rising to support him. In the first place, the power set forth in section 5 is the power which the council has been exercising all along under the laws of the legion. The bylaw dealing with it is practically word for word section 5 of this bill. The power has been granted to the council and I presume it has been exercised by the council for a great many years. Under the bylaw, and again under section 5, reference is made to what is called the governing body, and it is said that the governing body is the convention when it is sitting and, when the convention is not sitting, the governing body is the council. Of course the bylaws go on to state how the council shall be made up. Its make-up is in the hands of the membership at large through their delegates.

Mr. GILLIS: They do not determine policy, though.

Mr. MAYBANK: The bylaw is the same with reference to policy and with reference to everything. The council is the supreme body at the present time. The wording is almost exactly the same as in section 5; but the difference, I think, between what will exist after this law has been passed and what has existed hitherto might be put in this way, that that power which the membership gave to its council is now given to the council by a law. That power which the membership gave to its council it could revoke at one of its conventions, whereas now, if it wanted to revoke the power, it would have to instruct that there be a variation in this law.

I am free to confess that if it were not for the peculiar circumstances in which the legion finds itself I would prefer to see this section left in such a way that this power could be obtained by the council, as hitherto, direct from the membership from time to time. But we must give some weight to the fact that the membership, year in and year out, has given that power to its council, and should there be occasion for the power to be revoked, all that we are doing now is imposing upon the membership, at their request, one extra step for them to take in order to get the power back away from their council. Consequently, I submit, we ought now to agree to the considered opinion of those who have asked for the legislation.

Some hon. MEMBERS: Carried.

Mr. BENTLEY: Some hon. members are calling "carried." This is rather important. You cannot rush through bills that will affect the lives of a great many people in the country. There are a great many legion members in Canada who have a right to be heard from, and this is a responsible house. I have not the constitution here, but I have been a member of the legion for a long time, and I believe that a great deal of the wording here is word for word that of the constitution at the present time. The fact remains, however, that there are members of this house who feel that there is a doubt. The hon. member for Winnipeg South Centre has just mentioned that the circumstances in which the legion finds itself make it necessary to hurry the bill through the house, and offhand that sounds like a good argument. But they had quite a long time since the first of this year, and a longer time since their last convention, for the present executive to come to the conclusion that they needed this. If it were so apparent that there might be need of this during that time, then something of this kind could have been submitted earlier this session or even a year ago.

I do not suppose it is in order for me to move it, but I suggest that, in view of the fact that there is a doubt in the minds of some hon. members as to the exact meaning of and the exact power which is granted in this bill to a few people at the top level of the legion, this bill should be submitted to the veterans affairs committee where a complete examination could be made of the implications of every section, and the legion could just as well wait for another two years, if they could not get it through in time for this convention, as they waited for two years since the last one.

I make that suggestion earnestly and sincerely because certainly, while I would not on this particular section of the bill raise any special objection, when we come to deal with other sections further on I shall have some definite objections to some features of the bill. It is possible that all these objections could be resolved by some person who knew exactly what was wanted and could explain it in terms which we could understand. But I do not believe there is anybody sitting in the house at the present time who can do that job for us. I believe it should go to a committee and be examined there.

Mr. POULIOT: This bill denies the human rights of the rank and file. It is imbued with the worst totalitarian spirit, and it is a fascist bill.

Mr. HAZEN: I cannot agree with anything the last speaker has said. I think what he has said is absolutely incorrect. I rise to ask the sponsor of this bill a question, if I may. Was this legislation proposed by the dominion convention at its last meeting, or was the legislation proposed by the dominion council? If it was proposed by the latter, were the various provincial branches consulted?

Mr. MAYBANK: The answer to that, Mr. Chairman, is that according to my information—and it is credible information, of course—it came direct from the convention. Then, of course, it was worked into its present form by the council, and the constitutional committee went over it carefully. It was referred to all the provincial commands and they are all unanimous about it. It has been scrutinized by a great many of the accredited representatives of the legion.

Mr. HAZEN: Then I do not see what objection we can take to it.

Section agreed to.

On section 6—By-laws.

Mr. GILLIS: The same thing applies to section 6. In section 6 you are handing over the powers for maybe two or three years, depending on the length of time that elapses before the date for their convention. You are handing over in section 6, subsection 1, paragraph (a), the power to define the terms and conditions of membership; the rights, duties and privileges of all classes of membership; the assessment and collection of taxes, expulsion and so forth. I do not think this house has any right to hand over to any executive council the right to determine membership in the kind of organization the Canadian Legion is. It is all right for some of these members in the house tonight who took very little interest in this organization, to take the stand they do. But I am one of the people who tramped all around this country organizing this body, and there was not any pay in it at all. I am much concerned about retaining the rights and privileges of the men who built this organization. As the hon. member for Swift Current suggested, this bill should have gone to the veterans affairs committee.

Someone here tonight said that it has been approved by every district command and branch in the country, the constitutional committee of the last convention and so forth. If it has been, they have fallen down on the job. There are 100 members in this house who are ex-service personnel, and a great many are members of the legion. As far as I am concerned, I am still an active member of the legion; and I have never had a word from any one in the section of the country from which I come, that legislation of this kind is desired.

Mr. SINCLAIR: You are too busy.

Mr. GILLIS: They are not too busy.

Mr. SINCLAIR: You are too busy.

Mr. GILLIS: No, I am not too busy. Any time that anyone in that part of the country from which I come has something he is interested in and it has something to do with this House of Commons, I generally hear from him. I never heard a word about this bill until I saw it in this house.

Mr. FOURNIER (Maisonneuve-Rosemont): That is the right place. There is no complaint about that.

Mr. GILLIS: I do not intend to stand here and say that I will hand over to any executive body in this country the right to expel members of the organization if it does not like their political complexion and so forth; and you can get around to that, do not make any mistake about it.

An hon. MEMBER: An exception can be made in the case of the C.C.F.

Mr. GILLIS: I do not make any exceptions for any organization.

An hon. MEMBER: Take off a few Liberals

Mr. GILLIS: The legion is one organization we have endeavoured to keep politics out of.

An hon. MEMBER: You made a poor job.

Mr. GILLIS: That is one reason I am so greatly concerned now. I wonder what some of the fellows here who are members of the barristers' association, or members of the medi-

cal profession, or members of the trade union organization in this country would say—

Mr. MANROSS: Do not drop the legion down to the lawyers' level.

Mr. GILLIS: —if you brought a bill into this house that was in effect writing the constitution of your organization that was to govern you the next three years. That is what you are doing here. This legislation will govern the constitution of the Canadian Legion. Is there any trade union organization in Canada that would stand for a bill going through this house that would tell the officers of that corporation that they had the right, without consultation, to run the whole organization to suit themselves and fix the time of convention for two or three years? The rules of the medical society of Canada are analogous to this. The members themselves write the rules. They would not want a bill going through this house telling them exactly what their society was to do between conventions and delegating the right to half a dozen men at the top to run the show and do it legally by virtue of a bill passed by this house. The same thing applies to your barristers' associations.

Mr. HACKETT: There is so much the hon. member does not know about that, he would do better to keep to the bill. He knows nothing about the barristers' associations.

Mr. GILLIS: I know too much about them.

Mr. HACKETT: That is one of his sad mistakes.

Mr. GILLIS: I know so much about them that I never hired one in my life; because if you hire one, you do not know whom he is working for. I am talking about associations. I am not casting any reflection on any of the professions that I mentioned. I merely mention the fact that these associations have the right to run their own show, and they insist on it. I think the organization we are legislating for here tonight in this bill has the right to write its own constitution.

Mr. SINCLAIR: That is what they are asking for.

Mr. GILLIS: That is not what they are asking for.

Mr. SINCLAIR: They asked for this bill.

Mr. GILLIS: They did not. The executive members of the Canadian Legion may have asked for it; but I am saying that, so far as I am concerned, I have never had a representation from one branch in this country asking for this kind of legislation. If there is any member in this house who has had any representation from any branch, I should like him to get up and say so.

An hon. MEMBER: The hon. member was out fishing.

The DEPUTY CHAIRMAN: Shall clause 6 carry?

Some hon. MEMBERS: No.

Mr. BENTLEY: No, it is not carried.

An hon. MEMBER: Sabotage.

Mr. BENTLEY: No, it is not sabotage. I am as good a member of the legion as anyone in this house—Tory, Liberal, or anyone else. I am just as much interested in this matter and I am just as honest as anyone over on the other side. I want to repeat what the hon. member for Cape Breton South has just said. If there is any member in this house who has had one letter from any branch that he knows of in Canada—that is, any bona fide branch—asking that this legislation be supported in the house, I should like to see it right now. Is there anyone who has one?

Mr. ROBINSON (Bruce): Mr. Chairman—

Mr. BENTLEY: Have you one?

Mr. ROBINSON (Bruce): Mr. Chairman, I should like to say a word, if the hon. member will give me a chance to do so.

The DEPUTY CHAIRMAN: Yes.

Mr. ROBINSON (Bruce): I say we have confidence in the officials we appoint. We have confidence that they will look after our interests and we feel that we do not have to keep hold of their coat-tails all the time.

Mr. BENTLEY: I have a great deal of confidence in the personal integrity of each individual member of the government, Mr. Chairman.

Mr. ROBINSON (Bruce): So have I.

Mr. BENTLEY: But I do not want to go the length of giving the government of Canada that power from now until two years hence; because, no matter how honest, able and sincere they are, they could make a mistake. I think they have made one or two already.

Some hon. MEMBERS: Question.

Mr. BENTLEY: What I am trying to say, Mr. Chairman, is this. In the interest of my fellow members in the Canadian Legion with whom I have to associate, I do not feel like helping to pass this kind of legislation without further representations from them. I am only asking that someone who knows the rules well enough, and how to do it, find a way to have this bill referred to a committee so that we can have it thoroughly explained and have

witnesses there who are competent to do the explaining. That is all I am asking. That should not be too much.

The DEPUTY CHAIRMAN: Shall clause 6 carry?

Some hon. MEMBERS: Carried.

Mr. MAYBANK: Despite the fact that the committee is willing to pass this section, I think this remark should be made. The powers to which the members who have spoken last have adverted to again are powers that have been given to the council by the membership all through the years. I commend to my hon. friends also the suggestion that perhaps one reason no representations were made to hon. members to support this legislation is that the organization depends upon its officers, in whom it has trust, to attend to the business they have been directed to do. I should think that would be a reasonable explanation for the fact that no contact has been made with the two hon. members who have spoken. In any event, these are the powers the council has always been exercising by direct vote of the membership.

Mr. BENTLEY: The hon. member has just said that these are the powers they have always had. Granted; but with these powers they have had responsibility, which they are trying to get out from under now.

Mr. MAYBANK: They have to go to the convention also.

Mr. BENTLEY: It is the purpose of this bill to make each legion branch an autonomous organization that can sue or be sued in its own right.

An hon. MEMBER: Why not?

Mr. BENTLEY: I am not arguing against that, if the hon. member will keep quiet. I say that change is being made in the bill. If, as the hon. member for Winnipeg South Centre has said, they are only trying to retain the power they have always had, I say that is true; they are trying to retain the same power and at the same time to divest themselves of some responsibility.

Mr. MAYBANK: I think that is quite right.

Mr. BENTLEY: If you are going to divest yourself of responsibility you should not assume the wide disciplinary powers contained in this bill. I am not a lawyer, but I think that is a sound proposition.

Section agreed to.

Sections 7 and 8 agreed to.

[Mr. Bentley.]

On section 9—Rights of commands and branches.

Some hon. MEMBERS: Carried.

Mr. BENTLEY: No, Mr. Chairman.

Some hon. MEMBERS: Oh, oh.

Mr. BENTLEY: My hon. friends are having a great deal of amusement out of this. Let me remind them—

An hon. MEMBER: Aren't you?

Mr. BENTLEY: No, I am not getting any amusement out of it. I do not get amusement out of the troubles of other people. Many legion members do not care for this kind of thing.

Mr. SINCLAIR: They can vote them out.

Mr. BENTLEY: Two years from now they can vote them out, but in two years a great many things can be done by a small group of men who have executive power.

Mr. SINCLAIR: They can do it next week at Saskatoon.

Mr. BENTLEY: This bill will not be in the hands of enough of the rank and file of the legion for those at Saskatoon next week to be able to decide what they want to do about it. The hon. member knows that as well as I do; he is too bright to fail to understand that.

Mr. SINCLAIR: I believe the people of Vancouver North know what this is all about, so I can vote intelligently.

Mr. BENTLEY: The hon. member is taking a great deal of credit for the intelligence of the people of his own constituency. I am sure there must be many intelligent people there; but there must be many who are not, or the hon. member would not be here. Under subsections 6 and 7 the president of the dominion executive council, after inquiry and for cause clearly stated, may suspend the charter or powers of any command. In other words, a whole provincial command can be suspended by the arbitrary decision of the dominion executive, because the convention meets for only three or four days every two years. They can suspend the charter of a branch or an auxiliary, or any officers thereof.

Mr. MANROSS: It is appealable.

Mr. BENTLEY: Of course it is, but many things are appealable and quite often the appeals do not succeed.

An hon. MEMBER: Sometimes they do.

Mr. BENTLEY: That is quite right; nevertheless if they fail only once or twice I should

say that was an argument for not granting these wide powers. If these people do not want to take the responsibility that has hitherto been theirs for the financial obligations of their branches, they should not ask for the disciplinary powers over them they are requesting at the present time, and I object to these subsections of section 9.

Section agreed to.

Sections 10 to 14 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

RINKER FINANCE CORPORATION

Mr. J. M. DECHENE (Athabaska) moved the second reading of Bill No. 137, to incorporate Rinker Finance Corporation.

Some hon. MEMBERS: Explain.

Some hon. MEMBERS: Carried.

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

On section 1—Incorporation.

Mr. BLACKMORE: I should like the hon. member who is sponsoring the bill to tell us something about it.

Mr. DECHENE: I cannot add much to what is in the bill. It is the result of a petition by several businessmen, asking for incorporation under the laws of this country. They are not asking for a single right or privilege outside the laws already enacted by this dominion. Section 5 reads:

> The company is incorporated pursuant to part two of the Small Loans Act, 1939, and to it all the provisions of that act shall extend and apply.

It is an ordinary petition by businessmen, asking for the right to transact business. They are not asking any special privileges of any kind. The bill simply gives the names of the incorporators and the capital stock of the company.

Mr. BLACKMORE: I do not see why they want this act.

Some hon. MEMBERS: To do business.

Mr. BLACKMORE: I might tell some hon. members across the floor that if they want this bill held up until nine o'clock that can be done very easily. I am asking a perfectly reasonable question.

Mr. DECHENE: I thought I had given the explanation.

Some hon. MEMBERS: Hear, hear.

Mr. BLACKMORE: The hon. member has not explained it to my satisfaction.

Mr. DECHENE: It is very simple. I am sorry the hon. member feels that I am attempting to slight him by not giving more information, but we have incorporated companies in this way at every session of parliament for many years past. I do not think we have any right to refuse incorporation to people who are abiding by the law. This bill was presented to the senate of Canada. It was studied there and submitted to the appropriate committee of the senate. It was recommended by the insurance department and the officials of the government as being a proper bill. It was passed by the senate and has been sent to this house to be finally adopted.

The bill is to give the power to these gentlemen to organize so that they can carry on business under the laws enacted for that purpose.

An hon. MEMBER: What kind of business?

Mr. DECHENE: Small loans.

Mr. KNOWLES: I rise to a point of order. I felt fairly certain when the motion was made after second reading to refer the bill to the committee of the whole that the house was not following the established procedure. I know the rule book fairly well but I was not able to find the appropriate order quickly enough to rise at that moment. I now call your attention, Mr. Chairman, to standing order 104. I ask you to note that it is not a mere citation or record of what we usually do; it is a standing order of this house. It reads:

> Every private bill, when read a second time, is referred to one of the standing committees as follows: Bills relating to banks, insurance, trade and commerce and to trust and loan companies, to the committee on banking and commerce, bills relating to railways, canals, telegraphs, canal and railway bridges, to the committee on railways, canals and telegraph lines; the bills not coming under these classes to the committee on miscellaneous private bills, and all petitions for or against the bills are considered as referred to such committee.

I wish to make it clear that I am not questioning the substance of the bill at all. I think the house made a mistage, and as chairman you should find some way by which we could follow the standing order and refer this bill to one of the standing committees.

The DEPUTY CHAIRMAN: The hon. member is raising his point too late. The house agreed to go into committee of the whole and his objection is too late.

Mr. MacINNIS: The house usually votes to go into committee of the whole on these bills, but the bill is never referred to the committee of the whole until after it has gone to the other committee. It is almost automatic, once it comes back to the house, that it is on the order paper and the house goes into committee. The mistake was not made by the members of the house; it was made by the Speaker and the Clerk.

The DEPUTY CHAIRMAN: In this case the house agreed to go into committee of the whole on this bill. My hon. friend knows that in most cases after second reading the motion is moved that the bill be referred to a special or standing committee, but that did not happen in this case. This bill is now before the committee of the whole.

Mr. KNOWLES: Further, on the point of order, I call your attention to standing order 105 which reads:

> No committee on any private bill originating in this house is to consider the same until after one week's notice of the sitting of such committee has been first affixed in the lobby; nor, in the case of any such bill originating in the senate, until after twenty-four hours' like notice.

I do not think we can so lightly disregard the rules of this house. I am sure that the hon. member who is piloting this bill was most surprised when Mr. Speaker said that the motion was to refer it to the committee of the whole; I am sure he expected it to go to the committee on banking and commerce. Knowing the hon. member as I do, I am sure he would rather see it done in the proper way.

The DEPUTY CHAIRMAN: The hon. member's objection should have been raised when the Speaker was in the chair. That was not done; the bill was referred to the committee of the whole and we are now in committee on the bill.

Mr. DECHENE: I am sorry I did not hear the hon. member. I would be perfectly willing if at this stage—

Mr. GILLIS: Get it out of the hole.

Mr. DECHENE: I hope my hon. friend has not made up his mind to stop everybody in this country from carrying on business.

Mr. GILLIS: I said it was in a hole.

Mr. KNOWLES: I believe time would be saved if it were moved that the committee rise, report progress and that the bill be referred to the proper committee.

[Mr. Knowles.]

Mr. NICHOLSON: In view of the fact that this is a corporation asking for legislation—

The DEPUTY CHAIRMAN: Is the hon. member dealing with clause 1?

Mr. NICHOLSON: No. I was suggesting that the suggestion made by the hon. member for Winnipeg North Centre—

The DEPUTY CHAIRMAN: I have given my ruling on the point of order. We are dealing with clause 1.

Mr. BLACKMORE: Mr. Chairman, I do not think you have satisfied the committee that we are in order.

An hon. MEMBER: He certainly has.

Mr. BLACKMORE: According to the standing order which the hon. member for Winnipeg North Centre has read, the Speaker would hardly have the right to ask that this bill should be taken up in this committee without having been referred to the other committee.

The DEPUTY CHAIRMAN: I would remind the hon. member that I have given my ruling and we are dealing with clause 1.

Some hon. MEMBERS: Carried.

The DEPUTY CHAIRMAN: Shall the clause carry?

Some hon. MEMBERS: Carried.

The DEPUTY CHAIRMAN: Clause 2.

Mr. NICHOLSON: Mr. Chairman, on clause 1; I wonder if the hon. member—

An hon. MEMBER: It is carried.

Mr. NICHOLSON: —who is sponsoring this bill would tell us the qualifications of Roy Joseph Rinker, agent; Louis Walter Kern, agent; Joseph Rothwell English, barrister; Harold Walpole Pope, barrister; all of the city of Moose Jaw, in the province of Saskatchewan, and John Nichol Wilcox, inspector, of the city of Regina, in the province of Saskatchewan, together with such other persons as become shareholders in the company are incorporated under the name of Rinker Finance Corporation, hereinafter called "the company." Would the hon. member tell us the qualifications of the gentlemen whose names are mentioned there?

Mr. BOUCHER: They were all born and baptized.

Some hon. MEMBERS: Carried.

Mr. NICHOLSON: I have asked a question which I think deserves some comment by the hon. member who is sponsoring this bill.

The DEPUTY CHAIRMAN: Order. It being nine o'clock, shall I report progress and ask leave to sit again?

Progress reported.

POSTAL SERVICE

MAIL CONTRACTS—SUPPLEMENTAL PAYMENTS ACT AMENDMENT

The house resumed consideration in committee of the following resolution—Mr. Bertrand (Laurier)—Mr. Macdonald (Brantford City) in the chair.

That it is expedient to bring in a measure to amend the Supplemental Payments Act to provide that no supplemental payments shall be authorized under the act after the thirty-first day of March, 1949.

Mr. BERTRAND (Laurier): Mr. Chairman, at six o'clock I was explaining the resolution, which is very simple. Its purpose is to extend for one year more the measure we passed last year to pay supplementaries to the rural mail contractors. There is only one line to the bill, extending the date to March 31, 1949.

Mr. McLURE: Mr. Chairman, last year, on February 12, the hon. Postmaster General moved a similar resolution, reading:

That it is expedient to present a bill to authorize the payment of moneys under a mail contract, supplemental to the amount agreed to be paid under the contract, and for the continuance of the payment of bonuses in respect of mail contracts, presently authorized by order in council, as supplemental payments under the proposed act.

On that resolution there was considerable discussion in the house with reference to mail contracts and the obligations of mail couriers, in which a great number of members, representing almost every constituency in Canada, took part. There was a general request at that time that a special committee be set up to look into the problems of the rural mail couriers throughout Canada. Not only one but several members urged upon the Postmaster General the setting up of a special committee for that purpose, and the Postmaster General said, at page 360 of *Hansard*:

I have no objection to having a committee consider this matter in an effort to improve the service.

You will note, Mr. Chairman, that at that time the Postmaster General was rather in favour of a special committee being set up. One year passed, and then on February 10, 1948, I directed this question to the Postmaster General and the Prime Minister. It will be found at page 1039 of *Hansard* of February 10, 1948:

Is it the intention of the government to set up a special committee of the house to study the problems of the rural mail couriers in order to give these most faithful servants a living wage?

The Postmaster General replied:

It is not the intention of the government to establish a committee, but as I said before, a bill will be brought in to give authority to make further supplementary payments.

I am at a loss to understand the reluctance of the Postmaster General to having a special committee set up in the best interests of his own department. It is difficult to understand why such a committee should not have been set up to study this serious problem this session. Otherwise how are the rural mail couriers to know where they stand with reference to their contracts? They have no security whatsoever once their contract expires. Very few officials of the government stand in that position and I think it is time that we gave consideration to these faithful mail couriers. If we give them no support at this time, once their contract is expired, we can say of them, "The last state of that man is worse than the first." That is the position we are leaving our mail contractors in today.

The mail couriers are not looking for large remuneration. All they are looking for under present-day conditions is a living wage. But they would like to have a little security after their long years of service, so that under the present obnoxious tender system they would not find themselves, at the end of their contract, dispensed with for the sake of a $5 bill on a four-year contract. That is the position they are in today. I suggest to the Postmaster General that we get rid of this obnoxious tender system and that a new and better system be set up which will give the mail couriers a certain amount of security as well as a living wage.

Suppose, for instance, we start with a mileage basis of $50 per mile for the carrying and distributing of mail on an improved highway. If it is an ordinary dirt road the mail courier should be allowed something extra per mile for travelling at a disadvantage over an unimproved road. In addition to this basis of $50 per mile, there should also be taken into account the number of boxes served and the number of post offices. Consideration should also be given to the time required for the delivery of the mail. If consideration were given to these three factors I am sure that our mail couriers would be 100 per cent satisfied, and the cost to the country would be very small. Let us not forget that these men are the most faithful servants of any department in the government of our country. Why should we ask them to put in twenty-five years' service, and a few of them have longer service than that, or it may be twenty years' service,

or fifteen, and then at the end of their contract period because someone tenders to do the work for five dollars, or it may be one dollar less, they are out. They have no security under the present tender system, and they are poorly paid.

The cost of their equipment should also be taken into account. True, on a good highway they can use an automobile during the summer months, but that is an expensive article today. Even if they buy second-hand ones, the repairs and so forth are expensive. We as a committee should urge upon the department the necessity of taking into consideration the extra cost to which these couriers are put at this time, and they should be reimbursed for it.

We might look at another side of the question. In my own constituency there are several couriers—one in particular—with a thirty or thirty-one mile route. Last winter was a very hard one, and there was no opportunity whatsoever to use a car, even if they had one. Under those conditions the courier I have in mind was forced to use two horses to continue his work. He did his work faithfully and well. Have hon. members ever considered what it takes to feed two horses at the present time? It costs 100 per cent more than it did a few years ago. When this man was finished at the end of the month and took his expenses into consideration I doubt whether he would have fifty cents left for himself. Hon. members may say that that was because of a very hard winter in the east, but that is apt to occur at any time. We should do something for these men, and do it now.

If the resolution which is before us goes into effect tonight, what will it do? It will assure the mail courier that he will have his little bonus extended to him as before, but it gives him no security whatsoever at the end of his contract. I have already said, and I repeat that he loses his position after probably fifteen or twenty years' service because of a somewhat smaller tender, or a tender $5 or $10 less than his.

For a moment I should like to refer to the great discrepancies that exist between the mail contracts in the constituency of Queen's. I hold in my hand a list of rural mail contracts in my constituency, and I want to bring it to the attention of the Postmaster General. These mail routes are of the same length, and possibly the same number of boxes are served; yet there is this great difference. On an eight-mile route the average price paid is from $300 to $400. On a nine-mile route the average price paid is from $400 to $450. On a ten-mile route the average is from $372 to $400. On a fourteen-mile route the average is from $564 to $700. On a sixteen-mile route the average is from $638.97 to $1,000. On a nineteen-mile route the average is from $668.31 to $925. On a twenty-six mile route the average is from $902.50 to $1,450. They are all different. On a twenty-eight mile route the average is from $1,100 to $1,470. On a thirty-mile route the average is from $1,218 to $1,440. The difference shows up clearly, and is hardly fair to men covering the same distance under the same conditions. One is paid $100, $200 or $300 more per annum than the other.

I should like to cite just one or two instances. Take the sixteen-mile route. I think this will occur in many constituencies other than my own. The mail courier gets $1,000 for the sixteen-mile route, but at the same time the courier on a twenty-six mile route gets only $902.50. The man with the longer distance to travel is penalized to the tune of $97.50 because he has to deliver the mail ten miles farther than the other man. These things are unfair, and the couriers realize it. They expect the department to look into the matter at this time.

I want to cite one other instance, but the same discrepancies occur in a great number of cases. One mail courier with a seventeen-mile route to travel gets only $1,200. I know the route very well. He is not too highly paid at $1,200. But another man serving a twenty-eight mile route gets $1,100, $100 less because he has to travel thirteen miles farther every day. I ask the Postmaster General if this is fair. These things should be taken into consideration at this time; and, instead of tenders being called, the courier should have the right to renew if he has been satisfactory. Men of that type should have consideration. In fact, through all these mail contracts these discrepancies occur. I am not going to labour the point any further in favour of the mail courier.

Last year quite a number of hon. members spoke on this question, and with one accord they were all of the opinion that the mail couriers were the most faithful servants of any of the departments of government; yet they were the most poorly paid of all men, and no security was granted to them beyond the renewal of their contracts. These are things that I hope the Postmaster General will give consideration to at this session.

Mr. SHAW: It is not my purpose to detain the committee for more than just a few moments. However I feel there are certain observations that I should offer. I agree with practically everything said by the hon. member for Queens. I doubt whether anyone who is familiar with the difficulties which have

been encountered by our mail couriers, difficulties which in the main they are still encountering, could do other than beseech the minister and his department to give immediate consideration to more adequate compensation for our mail couriers. I believe it was in 1941 that the government first recognized the necessity of making additional payments to certain mail couriers, largely because of the increased costs incurred owing to certain factors. Many of these contracts had been let prior to the outbreak of the war. Costs mounted rapidly during the first two years of the war, resulting in the five per cent bonus paid to certain couriers who applied, and under certain circumstances. I believe it was by order in council that that action was taken. Later on, further provision was made. I believe that three orders in council were passed, 2311, 5833 and 4960, authorizing additional payments to mail contractors who were operating under contracts which, from their point of view, were not equitable in view of changed conditions. My firm conviction is that the bonuses which have been paid are inadequate when one stops to consider for a moment the fact that the cost of living has increased by more than 50 per cent, or at least that the cost of living index has gone up to 151.

The resolution we have before us, if I interpret it correctly, authorizes the continuation of supplemental payments until March 31, 1949. I hope, even though it states that no such payment shall be made after that date, that nothing will stand in the way of the government taking whatever action may be considered appropriate prior to that time in order that supplemental payments be continued, or possibly I should say unless the government is prepared to take steps prior to that time to bring about a complete readjustment, quite apart from the bonus payments, in the method utilized in compensating mail carriers.

Speaking in the House of Commons on February 12, 1947, the Postmaster General made this observation with respect to tenders which were secured after tenders had been called for in connection with mail carriers:

> It must be admitted that very often we have to refuse even the lowest tenders because they are too large. The tenderers do not know how their contract costs are going to run, where they will begin or where they will end, and they do not take any chances. Of course, when we succeed in obtaining a contract at what we consider a reasonable amount we grant it.

The information I desire in that connection is this. Upon what basis does the Post Office Department determine the reasonableness or otherwise of any given tender? I wonder if they take into consideration the fact that over a given period the contract let, in, let us say, 1938 or 1939 was a certain amount but since that time the cost of living has gone up by a certain number of points. Have they taken that into consideration, or are they still thinking—

Mr. BERTRAND (Laurier): We have considered that and many other things.

Mr. SHAW: —in terms of the 1938 or 1939 level? I am going to underline that question, hoping that the minister will not forget it, because this is what is occurring in certain parts of the west at least. The post office is calling for tenders and it is concluding in certain instances that the tenders are too high, or it takes the lowest of all, and says to the people of that area, "O.K. You have been enjoying mail delivery three times a week over that route, but since our costs are so high now we shall have to reduce your services to two days a week or one day a week".

I do not know whether the minister shook his head, but here is some correspondence relevant thereto with respect to one case in my own constituency where actually, in the interests of so-called economy, that is to say a few dollars, they have reduced the mail service to people in an old established community in that area. That case, as I am reminded by the hon. member for Bow River, was brought to the attention of the minister and the explanation was this: Well, sometime later—the last correspondence is dated March 9—we will again call for tenders on this contract, and provided that someone will take it cheaply enough, we will restore the type of service which you enjoyed, let us say, ten years ago.

There is not a department of government that is able to show a more handsome profit on operations than the post office. In fact I believe the officials of that department speak with much pride of the profits which they obtain as a result of the operation of that service. In the light of that, it is extremely difficult for me to understand why, to use the common parlance of the west, they do so much chiseling when it comes to the mail delivery service or the postal service. It is something I cannot understand at all.

The district officers throughout Canada are endeavouring to provide the finest type of service which they can under the regulations, but they seem to be constantly haunted by the feeling that Ottawa has applied great pressure for economy.

I believe the Post Office Department and the minister himself have always prided themselves upon the type of service they offer. By and large they are quite justified in doing so,

but in many communities, just because an operation will not pay, as they say, it does not seem to matter at all whether the people have been living in the community for forty or fifty years, the department either refuse to give adequate service or deprive those people of certain existing services.

My argument, advanced on previous occasions and advanced here again tonight, is this. Certain operations cannot pay; but there is no reason, as long as the Post Office Department is piling up millions in the way of profits annually, why certain communities—and there cannot be many of them—should not be provided with at least a minimum service, even though that specific operation may not pay.

The CHAIRMAN: Order. I hesitate to interrupt the hon. member, but I would remind the committee that we are not on the estimates of the Post Office Department. The committee is considering a resolution that it is expedient to bring in a measure to amend the Supplemental Payments Act to provide that no supplemental payments shall be authorized under the act after the 31st day of March, 1949. I would remind hon. members that in committee all remarks must be directly relevant to the resolution under consideration, and accordingly I would ask hon. members to discuss the resolution and not to deal with the post office services in general.

Mr. SHAW: I rather thought my observations were right in line with the resolution before us. I was talking of service which was being extended or not being extended into certain communities as a consequence of government policy with respect to the delivery of mail into certain communities. However, there is a possibility that I may have strayed a little afield and therefore I will not pursue that course further. I will ask the minister the question I previously put. What basis is used to determine the reasonableness of a tender for mail delivery in any specific area served by a rural route?

If we could have something definite in that regard it would greatly help. We are in favour of the continuation of the payment of bonuses to mail carriers. We rather fancied that consideration might well have been given to increasing these bonuses because, after all, we must not forget that these men today are paying approximately twice as much for the automobile or truck they use as they paid ten years ago. Parts, gas and all their equipment have gone up tremendously in price during the last ten years; and no five per cent or ten per cent bonus will compensate them for this additional cost. Moreover, I can visualize

[Mr. Shaw.]

that the minister may encounter, if he has not already done so, considerable difficulty in securing bids in certain areas unless these rates are increased, with consequent reduction in the service that is rendered to certain of these communities. Possibly the minister might comment on my question.

Mr. ROBINSON (Bruce): I know that the Postmaster General is just as much interested in this resolution as any of the rest of us. I should like to say that, after the full-dress debate we had a year ago, there is probably no necessity of having a repetition in 1948. However, there are a few words I should like to say in connection with two matters. The first one is with regard to competitive bidding for a civil service job, and probably one of the most important ones in our establishment. The second is bearing more on the resolution than anything else, and is with relation to the bonus. I am not putting my finger on any person in particular, but I am saying that it is something which could be misused. There are people who say that you will play politics; that you will do this, that or the other thing to get votes. I am not saying this will be used for that purpose; but at the same time it could be used. The Postmaster General should take those two matters into consideration. I think he should do away with competitive bidding for a most essential job, and should also do away with that subsidy on individual routes.

Mr. MacINNIS: There is not much I want to say on this, Mr. Chairman, and I shall try to keep within the terms of the resolution. The supplemental payments were made because with the rise in prices and the rise in cost of living, the payments made under the contracts were not meeting the costs that many of the couriers were put to in fulfilling their contracts. The resolution provides that these supplemental payments shall be discontinued as of March, 1949; that is, in a little less than another year. I agree with the hon. member for Bruce who spoke a moment ago.

Mr. BERTRAND (Laurier): It applies to one year; it is from March 31, 1948, to 1949.

Mr. MacINNIS: Yes. The contract system in this matter has never worked satisfactorily. Couriers tendering for these routes tender for them, in many instances, at prices which could not pay them for the time and energy expended and the costs to which they were put.

Mr. JACKMAN: Poor old private enterprise.

Mr. MacINNIS: Yes, private enterprise; I agree with my hon. friend. While contracts in other businesses under private enterprise are quite proper and quite the thing to do, in these circumstances where the individual does not take into consideration all his costs and says that this is something he will take on the side, it does not work out satisfactorily and the service suffers.

What I was going to suggest to the minister is that, before the term of these supplements ends—and he has still some time before it does—he try to work out some policy for the payment of couriers that will eliminate the unsatisfactory nature of the tender system. Personally I do not think it can ever be made to work. Even now persons contracting for routes cannot say whether the prices at which they contract will be satisfactory six months from now. The same situation will prevail at almost any time, although perhaps it will not be as bad as it is at the present time when prices are rising constantly. I would suggest to the minister that, during the time he has left, he with the staff in his department try to bring some scheme before parliament that would meet the situation better than the one now in effect.

Mr. BERTRAND (Laurier): I thank hon. members who have spoken. I want them to understand that I realize the difficulties of the department in granting these contracts. This government and the government before it took the attitude that the contractors were men and had the right to tender. They know what they are tendering for and they tender. I suppose they are all reasonable men. We have to take this into consideration. We cannot admit for one minute that these contractors are minors or children and that they must be protected. Otherwise where should we stop? Are we to stop at mail contracts, or must we do the same thing with regard to every employee and every thing that is being done in any of the departments?

I admit that there are so many factors to be taken into consideration that it is absolutely impossible to fix a rate, and I could give a great many examples. There might be ten, fifteen or twenty contracts in Canada that are alike. But the country is so large, the seasons vary so greatly and the ground is so different that if we were fixing a norm for contracts, we would have to fix one from one end of Canada to the other, which would be worse than the freight rates. It would be something which would require lawyers who were well qualified and who had made those rates a life-long study, in order to be explained properly.

This has been considered many times by the Post Office Department and by governments before the present one; and it was found that, after all, it was better to continue with the tender system. In 1941 or 1943, during the war, costs of gasoline, for example, were raised; and we gave a bonus to take care of that rise and the rise in various things such as oil, gas, and even automobiles. Later on we gave another bonus, by order in council, again in order to help them, because prices were going up. Labour was in short supply and it was difficult to keep on with these contracts.

After the war, all these orders in council had to cease after a certain time when peace was proclaimed legally by order in council. Then we passed this law last year because business conditions had not changed. They were sometimes even worse than during the war. We passed this law last year in order to help the contractors.

One hon. member was asking what were the norms that we were taking in order to grant contracts. In this, of course, we have to use discretion, because a man with a contract to carry mail on the north shore of the St. Lawrence must be paid more than a man who has a contract in the Niagara district, for example, where he can use an automobile all year.

There are many other things we may not know. A man may be of a certain age and have very little to do. He will tender at a price that suits him. He already has an automobile or a horse and buggy. He puts in a low tender. Sometimes he is doing something else as well. In most of these cases they carry merchandise or people when they deliver their mail. All this has to be taken into consideration; and even if we were fixing rates, taking into consideration everything we could think of, I do not believe we would arrive at a better price than that quoted by the man who says, "I am prepared to take this contract at this figure". They do not make very many mistakes.

In this house we are sometimes liable to talk rather as a lawyer in court. We take one particular case and generalize on it, then draw conclusions; but I think we make a mistake in doing so. My department and I would like very much to be able to establish a rate in advance at so much a mile in this district and so much a mile in that district, but to do that one would have to take this part of the service and either put it under the civil service commission or fix the rates according to our discretion. Today anyone can submit a tender. It does not matter whether he is a Conserva-

tive, a C.C.F.'er or a Liberal; if he submits the lowest tender and has the machinery to enable him to fulfil his contract we give it to him. I know the difficulties that are created at times. Occasionally there are protests which I have to put aside, because we give the contract to the man with the necessary machinery to carry it out.

Mr. ROBINSON (Bruce): To get back to what the minister said a moment ago about a chap tendering and getting a contract, is there anything to prevent that man from obtaining a bonus after having obtained the contract?

Mr. BERTRAND (Laurier): If the hon. gentleman reads the act we passed last year he will see the circumstances under which this gentleman may have a bonus. He must serve one year before he can ask for a bonus; and we must be satisfied that conditions have changed.

Mr. ROBINSON (Bruce): Then do I understand that after the expiration of a year he is eligible for a bonus?

Mr. BERTRAND (Laurier): He may ask for a bonus, and we will examine his case. He has to prove that he cannot fulfil the contract with a reasonable profit which will permit him to live; and under those conditions we grant him a bonus. I was explaining that if we were to get rid of the tender system the government in power would be able to take only its friends to fulfil these contracts. We know that could be done very easily, and we do not want that.

Mr. ROBINSON (Bruce): I should like to ask another theoretical question. Let us say a certain man is given a contract because his was the lowest tender. After serving for a year, he applies for a bonus which, when granted, brings his salary above the figure of the next highest tender. What action would be taken in that case?

Mr. BERTRAND (Laurier): He carries on for one year and then proves that his contract figure is too low, that conditions have changed, or that he made a mistake. If his reasons are good, we give him a supplement. In a few moments I am going to give figures to show that we do not make very many mistakes.

Mr. ROBINSON (Bruce): I do not think my question has been answered. Let us say the next tender was less than the total of the first tender plus the bonus. What action would be taken in that case?

Mr. BERTRAND (Laurier): I said we would give that gentleman a supplement. The man whose tender the year before was perhaps $50 higher has been eliminated; the other gentleman has taken the contract. He has served for one year, has bought his automobile or his horse, and we give him the supplement. I do not think we could do otherwise.

As I was about to say, if we did away with the tender system we would have a great many more employees who would be civil servants. I suppose they would have to be within the ages of twenty-one and sixty-five, and we would have to superannuate them after a certain number of years. We would like to do all that, but it must be remembered that in some cases contracts are given to men who are over sixty-five years of age. It is not a difficult job to go to the station, pick up the bags and carry them five or six or ten or fifteen miles and then go home. It may be just the sort of job an older man needs, and he knows what he should ask for carrying out that contract.

Mr. SHAW: In referring to my question a moment ago, the minister said no one should know better than the tenderer what it is worth to carry mail over a specific route. Theoretically that may be all right, but in practice and in fact that is not the case. We have had instances in which five men have tendered, and the spread between their tenders has not been more than $100; yet the department has said all the tenders were too high. So I want to ask this question. When the officials go over a specific route and set a rate, or when they say a bid is too high, just how do they go about the matter? Do they set an arbitrary figure, or what factors do they take into consideration?

Mr. BERTRAND (Laurier): The officials of the Post Office Department are men of wide knowledge. The man in charge of this department, for example, has had twenty or twenty-five years of service, and he knows. We have to protect the taxpayer as much as possible. We think of that sometimes in the post office. If tenders are much too high we certainly have the right to say so, and to ask for new tenders. This we do. Sometimes we arrive at a settlement with a man whose tender was too high, but who is ready to reduce it to a reasonable amount.

As hon. members know, all these laws are temporary. Perhaps I have spoken a little more than I should, due to all these questions which have been asked, but I might tell the committee that we have revenue postmasters, who are paid according to the amount taken in by their office. Today we are changing that and substituting civil servants who will be

paid a fixed rate. Many of them after serving for thirty-five or forty years withdrew from the service without any superannuation. We want to provide superannuation for these people. The department will then be able to see that the place where a post office is installed in any village or town is a proper place.

We will pay for the premises instead of the postmaster paying as he does today under the revenue system. In addition the government will pay whatever employees are necessary to carry on the work. We do not want to continue in the haphazard way it was before.

We have thought of the mail contractors, but I must confess that we cannot find a better method than the one we have today. The cost of rural mail delivery is not going up any more. It went up between 1941 and 1947 but now it has reached the peak. I have some figures from April 1, 1947, to January 31, 1948—I have not the figures to March 31—so that hon. members can see what we have done.

A total of 2,297 contracts were granted with supplements, the total amount being $391,327. The contract rate before the supplement was granted last September was $1,704,248. The supplements that were granted prior to April 1, 1947, before the last supplements were granted by virtue of the law passed last year, were $279,300, so that the total cost, including all supplements, for those 2,297 contracts was $2,374,916.

The supplements granted between April 1, 1947, and January 31, 1948, increased the cost of service 19·73 per cent, while the supplements granted prior to April 1, 1947, by virtue of the orders in council of 1941 and 1943, increased the cost 16·39 per cent. The total increase in cost due to supplements was 39·38 per cent.

Certain contracts have had to be let by tender because the contractors did not want to carry on, because the contractor had died or for some other reason. When there is no contractor handling the mail we must call for tenders under the law. We called for tenders in 1,032 cases during the same period from April 1, 1947, to January 31, 1948. The former contracts, not including supplements, were for $671,495. The lowest tenders amounted to $924,550, so that there was an increase of $253,055, or 37·68 per cent, as compared with the other increase of 39·38 per cent where supplements were granted.

We want to abandon this sytem and go back to tenders. We had given notice to all mail contractors, but it was decided in council that this should be extended for one year more to meet the requests of hon. members from all sides of the house. I do not know what will be done in 1949, but we are asking for this extension at the request of hon. members.

Mr. JOHNSTON: I want to assure the minister that we are not opposed to extending the bonuses, but I should like to know how the government handles certain of these cases. The minister pointed out a while ago the difficulties in carrying out certain routes, and I want to call to his attention the case mentioned a moment ago by the hon. member for Red Deer.

In this particular case apparently there was no question about tenders because only one man tendered. For reasons best known to themselves, the government decided that the amount they would have to pay for this mail route was too high and that the only alternative was to cut the service. It seems to me it is not logical for the minister to say that in some cases they must pay a bonus because the contract is too low and then in other cases cut the service because the contract is too high.

I happen to know this district exceptionally well. The sideroads are extremely bad, being heavy gumbo. That is probably why the minister never has more than the one tender. A service of three times a week has been given for a number of years. The man who had the contract renewed it. It may have been at a higher rate; I am not sure about that. The people in the district were much put out because the government, instead of giving this man a bonus to carry on the service, as was done in other cases, reduced the service. They paid the same rate but they reduced the service. I should like to know in how many instances the services have been cut instead of an increased amount being paid.

Mr. BERTRAND (Laurier): I could not give the hon. member the exact number, although I would have that information when we are on my estimates. I admit that we make mistakes, but if we attempted to establish in advance a rate for all these routes the mistakes would be more numerous. In distant districts the mail must be carried in whatever way it is possible to deliver it. We deliver by dog sleigh, by plane, by courier on horseback and in every way possible, for our motto is to deliver the mail everywhere, and not, as an hon. member said the other day, that the postman always knocks twice.

Sometimes the tender price is absolutely too high and we are not justified in awarding

a contract at that price. In one district in Quebec province which is represented by one of my closest friends here there is a route of twenty-five or twenty-six miles with quite a number of boxes on the route, and the gentleman who had the contract was performing it for $770 a year. We called for tenders and that gentleman came in with a tender of $1,800 for the same service. I thought it would be practically stealing the taxpayers' money to grant the contract at $1,800, which was the lowest tender. So we called for new tenders, and this same gentleman put in another tender for $1,800. He was the only tenderer, so we had to cut the service because it was unreasonable to award a contract at that high price. We know, of course, the price at which contracts in the surrounding district are being performed. It may be at $58, $60 or $65 per mile, and if we get a tender for $80 or $85 per mile in the same district, that seems too high and we have to protect the taxpayer. Sometimes we got the people on the route to agree to a service two or three times a week, instead of six days a week. We have to use our discretion.

Mr. JOHNSTON: I will not pursue this case any further on this occasion but will go into it more fully when the minister's estimates come before the house. I will give him the name of the route so that he can be prepared to discuss it. It is Ghost Pine Creek, R.R. No. 1, Alberta. We are not asking that the rate be reduced or that the compensation be lowered or even that a route be established. This is not one of those outlying districts to which the minister referred but one of the oldest and best settled parts of the country.

Mr. BERTRAND (Laurier): I shall be prepared to go into the case when my estimates come up.

Mr. JOHNSTON: I hope the minister will come prepared to go into it fully.

Resolution reported, read the second time and concurred in.

Mr. BERTRAND (Laurier) thereupon moved for leave to introduce Bill No. 313, to amend the Mail Contracts Supplemental Payments Act.

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

[Mr. Bertrand (Laurier).]

On section 1—Extension of authority.

Mr. CHARLTON: We have not the bill.

Section stands.

Progress reported.

SUPPLY

The house in committee of supply, Mr. Macdonald (Brantford City) in the chair.

DEPARTMENT OF TRANSPORT

463. Departmental administration, $690,670.

Mr. MacNICOL: Mr. Chairman, I know the minister is familiar with the matter I am going to bring to his attention and I bring it up to encourage him to take up with his departmental engineers the necessity of eliminating a vicious bottleneck in one of our internal transportation routes, the removal of which would be of great assistance and of material help to transportation between Montreal and New York City.

The Richelieu river route, leading from the great St. Lawrence river, was the first route to be opened up in the history of this country by the great Champlain, in 1609, and yet it is one of the most neglected transportation routes in our country. So far as I can understand it, there is no excuse for that whatever. I have been up and down the river nearly every year, because it is not only a very scenic route but also a historic route. It was first opened to ship traffic about 1831, and on the whole there has been very little improvement in it since it was first opened up.

As one leaves Montreal and goes down the river to Sorel, a distance of forty-six miles, the draft is thirty-five feet. Of course, it would be out of the question to have a 35-foot draft from Sorel to New York city. After one leaves Sorel and goes up the river to St. Ours, a distance of fourteen miles, the draft is 12 feet. The minister's predecessor was a man for whom I had a very warm regard. I thought a great deal of him, and on several different occasions he brought up the question of improving the Richelieu river transportation to a draft of twelve feet from Sorel to Lake Champlain. I saw him shortly before he died. I told him that I would bring the matter up in the house until his hopes regarding the Richelieu would be fulfilled. If one leaves Sorel, as I said a moment ago, and sails up the river fourteen miles he comes to St. Ours where the draft immediately changes from twelve to six and a half feet. Notwithstanding the fact the river is a fine broad river from St. Ours, and a

fairly good draft in many places, the draft that regulates the course is six and a half feet.

The distance from St. Ours to Chambly is, I believe, thirty-two miles. At Chambly a very much worse bottleneck is met with. One then enters the old Richelieu river canal, and for a distance of twelve miles from Chambly to St. Johns the draft of the canal is still six and a half feet. That is the third change from Montreal. First is the 35-foot draft, Montreal to Sorel. The Richelieu river itself is twelve feet from Sorel to St. Ours; then from St. Ours to Chambly, six and a half feet, and then from Chambly to St. Johns, six and a half feet.

But the minister's predecessor did have in view having that river placed in proper condition. At St. Ours he built a lock. I remember supporting it. One of the first things I did when I came to the house was to support the building of a new lock at St. Ours. I believe the minister's predecessor built it standard size, 329 feet in length by 45 feet in width, with a draft of twelve feet. That beautiful lock stands there today with little traffic through it excepting small boats which go down or up the Richelieu canal from St. Johns to St. Ours.

In the canal from Chambly to St. Johns there are eight locks. They are all little ones, about 120 feet long and about twenty-three feet seven inches wide, with a draft of six and a half feet. The minister's predecessor had commenced to make quite an improvement in the river north and south of St. Johns. About five miles south of Chambly he built what is called Fryer's dam. I helped that through the house because I agreed with his argument that by building the Fryer's island dam we could have a 12-foot draft from Fryer's island right up to lake Champlain, and then it would need only five miles of canal to get down to Chambly.

I do not want to detain the committee for any length of time. I hope the minister will take this under advisement and do his best to carry out the program of his predecessor to have at least a 12-foot draft from Sorel up to Rouses Point, the international boundary, because from that point on, right on to the end of the Champlain canal at Whitehall, a distance of about 125 to 140 miles, there is a very good canal with a 12-foot draft. I have often gone down there to watch the traffic on that canal. It would do anyone good to go down to Burlington, Vermont, and on down to Whitehall, and down as far as Albany, to see the amount of traffic on this Champlain canal. There is no reason why we could not have the same amount of traffic on the Canadian side. I hope the minister will direct his department to try to complete the canalization of the Richelieu river from Rouses Point to Sorel, which is a fine city with a good elevator.

With the locks the same size as the St. Ours lock all the way up and down, I am quite satisfied that it would mean a great thing for the province of Quebec. It would mean more traffic up and down the St. Lawrence river, particularly from the paper mills at Three Rivers, which would have an outlet right down to New York city. That should increase their export of paper to New York to perhaps a million tons a year. Today it is just a trickle. In addition to paper, the canal could be used for a thousand and one other commodities. It would be a real route from Montreal city to New York, a total distance of 452 miles, and all that distance would have a 12-foot draft at least. It would ensure a through, sound and safe 12-foot route from Montreal right down to New York city.

Once you get into the Hudson river, of course the draft is deeper. Not only that but they would have through the Erie canal, from where the Mohawk river and canal flow into the Hudson river near Albany, a 12-foot draft all the way to Buffalo. I am as sure as I am standing here it would mean a great thing to traffic in inland waters. Had it been there, it would have been of gigantic service during the war for the shipment of bauxite. It would have meant a safe inland route up the canal and all down to that beautiful town represented by an hon. member who is not in his seat at the moment, Bagotville at the head of Ha! Ha! bay, and they would use it today if the canal were there to be used. I cannot help saying to myself that it is not fair to that beautiful route which is a gorgeous scenic route; it is not fair to that part of the province of Quebec; it is not fair to all the territory of Quebec which would benefit from the deepening of that canal to 12 feet.

I do not want to go into the matter any further tonight because I am sure the minister wants to get some of his estimates through. I leave the matter with him and hope that he will take it up with his department. If he brings in next year an estimate to go on as far as Fryer's Island dam on the Richelieu river I shall support him. I should like to see him, as the successor to the man who introduced and promoted the real canalization of the Richelieu river, bring in a program for the completion of the Richelieu river canalization.

Hon. LIONEL CHEVRIER (Minister of Transport): I feel I should say one word in reply to what the hon. member for Davenport has just said. I want to commend him on his advocacy of the Richelieu route which, as he says, was inaugurated, in so far as certain expenditures are concerned, by the former member for Richelieu-Vercheres, who was also one of my predecessors in the Department of Transport.

There is no doubt that that route should be given careful consideration. As the hon. gentleman has said, it is an historic route; it is also one that would be far shorter than the one which we use via the St. Lawrence at the moment, and great benefit could be derived from it. But I have to draw this to his attention—I think I did it when he brought up the matter during my estimates last year; if it was not last year it was the year previous to that—that when the international joint commission gave consideration to the Richelieu project—and they gave it very careful study—they came to the conclusion that it would not be advisable to deepen the route until such time as the St. Lawrence-great lakes waterways project had been completed.

There is a lengthy report on it to which I had to give some study when I was interviewed by a group of gentlemen representing the chamber of commerce from Sorel. As I recollect, the report was worded in such a way that, until such time as the greater project on the St. Lawrence waterway was completed, it would not be economic for the government to undertake the deepening of the route from Richelieu to the head of lake Champlain. However, I can assure the hon. gentleman that the matter is constantly before us, because representations are coming in from time to time. I am glad to see that he is taking such an interest in it.

Mr. MacNICOL: I suggest to the minister that if he is wise he will not pay too much attention to the international joint commission in that particular. They did give consent when they allowed his predecessor to build the Fryer's island dam which would have meant a 12-foot route from Fryer's island to lake Champlain, with a little dredging near St. Johns. They gave consent, and it has not a solitary thing to do with the St. Lawrence seaway canal. It has no connection whatever with it. It is only a 12-foot route, whereas from the sea to Montreal it is a 35-foot route, and west of that it is to be twenty-seven feet. I do not think the St. Lawrence seaway has a single, solitary thing to do with the completion of the canalization of the Richelieu river. I hope the minister will give that full consideration and fight against the argument that the canal cannot be completed. A 12-foot canal is one thing; a 27-foot canal is another thing, and a 35-foot route is something else. They would not put anything like that over on me. I read all the papers on the subject and I went to Burlington to listen to the discussions when the international joint commission sat. I cannot see how the two things are connected. I am convinced of that, because they did allow the building of Fryer's dam. The Fryer's island dam was built but it is not in operation.

Mr. HACKETT: Was not the route practically abandoned when the export of hay ceased to be the principal item of commerce along the Richelieu?

Mr. CHEVRIER: I am informed that the route is used at the present time for certain products that are shipped through it.

Mr. HACKETT: There is a certain amount of live fish and some oil. Eels going into the market are taken alive in boats.

Mr. CHEVRIER: And paper products from Donnacona as well.

Mr. HACKETT: Has the minister the revenue?

Mr. CHEVRIER: I will have it in a moment.

Mr. MacNICOL: There is no revenue because nothing much bigger than a rowboat can go up and down the canal today.

Mr. CHEVRIER: The amount of traffic that went down the canal in 1947 was 61,086 tons, and 538 vessels used the route.

Mr. CHURCH: There are one or two matters I should like to bring before the minister. I hope he will give some consideration, in the $60,000,000 estimates in his department, to the province of Ontario. One of the items in that $60,000,000 relates to the administration of the Transport Act. The administration of that act represents a large portion of the work of the transport department. I would point out that under the administration of the act the board of transport commissioners spend a large sum of money. The board, by the act, are required of their own volition to investigate complaints.

Is there any reason why the Toronto district should not have a steam suburban service? There is one in connection with the island of Montreal. It has been under the vote for almost thirty years. Montreal island has had an elaborate suburban service. On the other hand, it is in Ontario that the Canadian National Railways, through the old Grand

Trunk, made most of its money, and still we cannot get anything. I have had a great deal of correspondence with the board in this connection but we have not succeeded in getting anything. There is only one train a day that stops at Port Union. There is no reason why we should not have a service similar to that provided in the Montreal district. I am not complaining about the Montreal district, because it needs the service which it gets. That service has contributed to the solution of the housing problem in that magnificent city.

My complaint, however, is that the act is not being properly enforced. It is a dead letter for a similar service for the Toronto district. I do not wish to take up much time tonight because I know there are other speakers who are anxious to have the floor. I must say, however, it is unfortunate that in an important department like this we have been given no opportunity so far this session to go into the work that is handled.

I should like to say a word now about the grade crossing fund. In our city we have spent several million dollars—$13,000,000 or $14,000,000—on grade separation through the Toronto viaduct straight along the waterfront. The city had no liability in that connection, because the railways came subsequently through the municipal highway, and the Canadian Pacific Railway Company obtained a right of way all down the line from Leaside for $600 a year.

In connection with the harbour a great amount of money is also spent. The federal government has had two representatives on a board of five, and yet all the money that the government spends is spent through the Minister of Public Works. As I have pointed out before, we are the main taxpaying city in Canada, not only in the matter of income tax, customs and sales tax, but in other indirect taxes as well. In the Ontario cabinet we have five ministers representing our district, one being Premier Drew, and still we have had nothing but a goose egg since this government has been in power. We have had no representation from Toronto since 1935 in the federal cabinet.

My hon. friend the member for Winnipeg North Centre (Mr. Knowles) came to our city the other day and we were indeed pleased to see him, but I must say that, while a large amount of money has been spent in his constituency and province, and in others as well, we have had nothing at all.

I must cover these points as quickly as I can, Mr. Chairman, and next I would point out that there are practically no lifesaving stations on the great lakes. Lifesaving stations come under the marine section of the estimates, and while there may be a light here and a light there, there is really no protection, so that when some disaster overtakes us in the late fall from storms on the upper lakes the consequences are directly attributable to this lack of service. We have had three or four disasters on the great lakes, on lake Superior and lake Huron, but there are no lifesaving stations along that entire magnificent chain of great lakes. What have we to compare with the service provided on the United States side? Ten years ago there was a disaster on lake Superior and several sailors from Owen Sound and other lake towns died, and all they could do, before they perished, was to sound their sirens in the hope that some American lifesaving station would come to their help. Several men belonging to Owen Sound, Collingwood and other ports were lost on these doomed ships.

There should be an investigation into the Hamilton accident at Burlington bay, and that investigation should start immediately, when a lift-lock bridge was raised for a ship and an automobile fell into the narrows there. Years ago there was a steamer known as the *Corona*. There was only about three and a half feet clearance for the boat on both sides of the ship in the old narrows there. The result was that the boat bumped into it and there were large sums of money spent afterwards there for retaining walls at Burlington beach at the entrance to Hamilton bay. It is a wonder to me that there was not a disaster there years ago.

There is no sum of money in the whole estimates here for lifesaving and all that kind of thing on the great lakes. There is no lifesaving station there, except the one at Toronto, which is paid for by the city taxpayers. When you consider the volume of traffic in the Welland canal today, in the Soo canal and the tonnage that is coming down from the lakes advancing the grain to the seaboard along the magnificent system of the great lakes, with no modern lifesaving stations, the department seems to be asleep. I am not blaming the present minister. Far from it, because we did not get a great deal of help from our own friends when they were sitting across on the other side of the house for a few years. In our city we depend on taxation on real estate to provide $65,000 a year for a lifesaving station. There should be such stations on lake Simcoe, Georgian bay, all over the Peterborough district as well as all the upper lakes and every place where a person has been drowned. The time has come when there

should be a regulated system of lifesaving on the great lakes through this department.

The minister represents an Ontario constituency. We seem to get nothing at all in Ontario because the Ontario members seem to me to be the same on all sides of the house. They are not like those from British Columbia, the prairies and the maritimes and the important industrial province of Quebec, who stand up here and assert their rights and privileges. I am not criticising any member for it, but I believe that we should have some fair treatment and should have equality of treatment. Since I have been a member of the house, I have never been one of those who objected to other people getting something. I believe in the principle of confederation, that what is for the good of one province is for the good of all; each for all and all for each. But with the tonnage of shipipng we have on the great lakes, I think something should be done.

We hear talk about nationalism. When the storms were on in October, November and December, a few years ago, we had an example of the real kind of nationalism we have in this country. A Canadian ship, with Canadian sailors on it, sounds its siren hoping that a United States life saving station will hear it and save them from disaster. That is not fair to the shipping industry. It is not fair treatment to the men on the ship, many of whom are returned soldiers, to have a thing like this happen. I am pleading with the government to wake up and do something about the matter. We are not living in the last century; we are living in 1948. This coming fall, if the storms on the lakes are as severe as they were a few years ago, the ships on them are likely to suffer disaster.

Another thing I want to mention is this. My friend the hon. member for Queens, Prince Edward Island, obtained a $6,000,000 car ferry. I am glad to see him get it. He seems to be popular in the house. He has been asking and the minister has been answering questions on the orders of the day sometimes two or three times a week. I will not be surprised a bit if the hon. gentleman gets another $6,000,000 car ferry before this parliament closes. If he does get one, I will be glad of it.

Another thing I want to point out is that the old ship, the *Northumberland,* was brought up and put on the Port Dalhousie route thirty years ago. I would not travel on that ship to go to St. Catharines or Port Dalhousie. I was afraid it would go to the bottom of lake Ontario. Yet my friend the hon. member for Davenport went on it once. He had a Davenport picnic over there, but he did not take a chance by going on another picnic; otherwise he might have gone down to the bottom of the sea like McGinty. But I would say this. We need a car ferry in that district. A car ferry in that district has still greater possibilities because of the fact that a number of trains have been taken off by the Canadian National Railways. My former leader, Sir Adam Beck, said he wanted to electrify the whole Niagara district, and it would have been a blessing if that had been done. Electric trains would have been magnificent. We want a car ferry in that district running from Toronto to Port Dalhousie. One is badly needed at the present time.

There are just one or two other matters that I might mention. One is with regard to steamboat inspection. I would just call your attention, Mr. Chairman, to the fact that one of the minister's predecessors told me we were to get a new boat on the Port Dalhousie route, but we have not got it yet and they are fitting out the old boat again for 1948. The hon. member for Davenport is coming in now, and I will call his attention to the chance he took of losing his life when he travelled in that ship on his picnic to Port Dalhousie. We ask for fair treatment.

With regard to the St. Lawrence, and power and navigation matters, may I say this. I think, in view of what has been said, some statement ought to be made by the minister either next week or the week after regarding power and navigation and regarding what is going on in the St. Lawrence. Today, under a vote here, we find that the minister has appointed another commission of investigation on the St. Lawrence in the Lachine section. We should have some statement from the minister before the house closes.

I do not want to take up too much time because the hour is now getting late. But I ask that we should have some consideration in the province of Ontario in these various expenditures. I think the railway commission should go out on its own volition and investigate these steam suburban matters.

There are many other things that might be referred to. One is the signal service and all that kind of thing, and the other provisions which have been made regarding icebreakers. One is badly needed in the province of Ontario, on lake Erie and lake Ontario, at the present time. When I visit the United States ports on lake Erie, or Buffalo, Geneva, Erie, Ashtabula, Cleveland, and all those coal places and see what we could have if we had ships, I am impressed. When I see some of the ships in dock on the United

States side of lake Erie, I think what a magnificent thing we would have if we had a fleet in lake Erie and right along in the lake ports in the province of Ontario, on lake Erie and navigation from Ontario to United States ports on lake Erie. I ask that some reasonable consideration be given to our province in these various votes, and especially to our city that gets nothing at all in these estimates. There are no votes for our city in the estimates of the Minister of Public Works or in the estimates of the Minister of Transport. I find no provision in the estimates for anything for our city, notwithstanding the taxes that they pay.

There is a vote in Ontario coming on now. We had reference made to it this afternoon. When the house opened today, reference was made by the leaders to our province and the other sister province. It seems to me that there is in the house at the present time too much politics and too little attention given to our own functions, privileges and powers with regard to the estimates. This is the eighty-fourth day of the session and we have spent only seven or eight hours of the whole eighty-four days on these various estimates of $2 billion. Yesterday the house was voting interim supply. By that you have taxation without representation. The House of Commons might as well close up if you are going to pass all these estimates in the antiquated way you have been doing so far. I ask for some reasonable allowance for our province from the Minister of Transport and the Minister of Public Works.

Mr. CHEVRIER: There is just one thing, Mr. Chairman, that I want to say in reply to the hon. gentleman who has just taken his seat. It is that when he states that the province of Ontario gets nothing from the estimates of this department, he is entirely mistaken in that statement; and I am sorry he has seen fit to make it because it is wholly inaccurate. The province of Ontario gets a fair share. In some respects it gets far more than any other province does. I should like to take up briefly the matters he referred to, particularly with regard to the grade crossing fund. I should like to call the attention of the hon. gentleman to the fact—

Mr. CHURCH: There are no lifesaving stations there.

Mr. CHEVRIER: —that Ontario is far better treated than is any other province. I refer to the amount paid out of the grade crossing fund since it has been in existence. It amounts to $11,837,000. Out of that Ontario received $5,901,000, or 20·38 per cent. There was paid by the railways in respect to grade crossing projects, since the inception of this scheme, some $16,431,000. Ontario has received $13,704,000, so of the total Ontario has received 47·33 per cent. With respect of railway services, the Canadian National spends far more money in the central region than in the other regions. That is necessary because of the traffic and because of the services which have to be maintained there. For 1948 the budget calls for an expenditure in the central region of $9,916,000 out of a total of $25,000,000. I could also give figures with reference to marine services, which I have not at my fingertips at the moment. So when the hon. gentleman says the province of Ontario does not receive a fair share of these estimates, he is wholly inaccurate.

Mr. KNIGHT: On this general item I thought it might be appropriate to remind the minister that the people of our part of the country are beginning to feel their annual anxiety about the Hudson Bay route, as to which no doubt the minister expected to hear something from me. There seems to be a great deal of misunderstanding in regard to the increase in freight rates, if any, on the Hudson Bay road. I do not know whether the minister will care to answer questions tonight; probably he will remind me that I should ask them and that he will answer them on the appropriate items. It has occurred to me that it may be some time before those items come up, and that I should make a few general remarks on my own account, whether or not the minister cares to answer them.

Mr. CHEVRIER: I shall be glad to answer them if I can.

Mr. KNIGHT: First I would say many people do not have it well established in their minds as to whether the freight rates on goods other than grain have been changed at all on the Hudson Bay road. If the rates have been increased they are wondering upon what authority that was done, because apparently the Hudson Bay road is outside the system which applied for an increase in freight rates. If the rates on items other than grain have been increased in our part of the country we would be interested to know by how much and in what respects they have been so increased.

Again, there is a misunderstanding on the question of ocean rates from Churchill to British ports. About three weeks ago there was a report in the press congratulating the people in the Churchill vicinity on the fact that ocean rates had been equalized as between British ports on the one hand and Churchill and Montreal on the other. There was some

rejoicing in the western press; as a matter of fact, one or two newspapers wrote self-congratulatory editorials on the matter. Certain correspondence was undertaken between the timber board of Saskatchewan and some British importers, however, and the board was informed that there was a difference of $11 per thousand in ocean rates on lumber as between Halifax and Churchill.

The minister is well aware that the Churchill trade lasts for only a certain number of weeks, I was going to say, or perhaps for only a certain number of days in the year. If we are to be ready for it preparations must be made in advance. Lumber is a commodity which has to be prepared, whether it is two-inch, three-inch or whatever it may be. Preparations must be made well in advance, and shipping space has to be arranged for such lumber. The port of Churchill was very successful in a small way last year. Unfortunately, because of the tremendous demand for grain, there was not, at the particular time it was necessary, enough grain in position to be shipped through Churchill, so I think only something like five million bushels were shipped through that port. We have always claimed that Churchill has never had a fair trial, and we believe it would be a good thing for the taxpayers of this country, as well as for the western farmers, if for once that port could be used to full capacity.

Mr. CHEVRIER: It did pretty well last year.

Mr. KNIGHT: Yes, and if sixteen million bushels had been put through Churchill it would have done a great deal better.

Mr. CHEVRIER: I agree.

Mr. KNIGHT: I could make a speech on this matter, though I am not going to. We are anxious that we should have sympathetic understanding on the part of the minister and his officials, and that is what we are hoping to get.

Mr. CHEVRIER: You certainly had it last year.

Mr. KNIGHT: There are other agencies at work which are anxious about this port, anxious in particular about reciprocal trade between western Canada and British ports. I am informed on good authority that the government of Saskatchewan—and surely in a matter of this kind, which is a national matter, we should not prejudice the issue if we mention the name of a government whose ideology is somewhat different from that of this government; surely we do not have to face that sort of thing—is taking particular pains to talk with various agencies in the old country about reciprocal trade between Britain and Saskatchewan, and they are anxious that some of that trade should be carried through the port of Churchill. I am told, for instance, that the government of Saskatchewan has on order now a good number of trucks and automobiles they want to bring to western Canada this year. Many other items could come through the port of Churchill, and we cannot see why they do not.

We realize, of course, that Churchill is better equipped for export, that is the export of grain, than for the import of goods. It lacks certain shed facilities and other things which I am not going into now. If this import trade does materialize and does increase I hope facilities will be provided at Churchill to handle that trade better than it has been handled in the past, as well as the purely export trade in grain. The other day someone told me that some repair work was going on at Churchill this year. I believe last year I suggested that certain repairs and additional work were necessary, and I am hoping some of it is now being undertaken.

The hour is late, and I do not know whether I can expect the minister, on a general item, to answer the questions I have raised. Incidentally, before coming to the chamber this evening I had not the faintest idea that this discussion would be coming up. I had prepared one or two questions to place on the order paper embodying at least some of the things I have asked this evening, particularly the question with respect to freight rates on the Hudson Bay road, and the rumour that ocean freight rates to Churchill had been lessened. I should be pleased, and I know it would set at rest the minds of those in Saskatoon and Regina who are interested in this matter, if the minister could give some definite answer to the questions I have raised.

Mr. BAKER: Mr. Chairman, coming as I do from a section of Nova Scotia where the swift moving tides of the bay of Fundy merge with the mighty waters of the north Atlantic, where we are subject to fog, sleet and ice as well as all the normal dangers of navigation, I feel that I must say a few words regarding matters of marine. First of all, I wish to say I appreciate very much the co-operation I have always received from the minister.

Then, I want to suggest to the minister that an agency or sub-agency be established on the Nova Scotia side of the bay of Fundy. There is one operating in Saint John, but I think we need one on the Nova Scotia side to look after all the lighthouses and aids to navigation between Cape Sable and Point

Prim. A central area would probably be at Yarmouth, but I am not going to suggest what place. I think such a service is needed.

Then I consider we need additional ice-breaking equipment. As the minister knows, we need additional buoy maintenance and lighthouse service ships. A large type of ship is needed, and I would suggest that these ships be constructed so strongly in the bows that they could be used for the dual purpose of ice-breaker and buoy and lighthouse tender. This is a very much needed service and probably the minister has it under consideration. I hope so.

I want to commend the minister for placing in his estimates an amount to cover the construction of a new lightship to take the place of lightship 14 which has been the guardian to the entrance to the bay of Fundy for over forty years. This is one of the few ships with an iron hull that is still in operation. I can assure the minister that this will be much appreciated by all of us who know the dangers of the Lurcher shoals. If the minister will take these few thoughts under consideration I am sure the people in my part of the country will greatly appreciate it.

I should like to say one further word with regard to a coastguard service. I do not suggest that any great capital expenditure be made over and above what is actually needed, but I suggest that we utilize all the available equipment we have in the air-sea rescue branch, the Department of Transport ships and the Department of Fisheries ships and then provide what additional equipment may be needed. We could have central offices or stations through which these services could be correlated so that relief could be sent at the shortest notice to any ship in distress. They would know just where to look for it.

As I say, I am not urging a tremendous increase in capital expenditure; I am simply asking that sufficient money be provided to maintain an adequate service at this time. Perhaps eventually this service will grow into something larger, but I think it is something that could be handled from a few offices to which the ships from the various departments could report and then be detailed to wherever rescue operations were needed.

Mr. KNIGHT: I believe the minister was willing to answer my questions, but he did not have an opportunity to do so.

Mr. CHEVRIER: I am afraid I could not do so in the time that is left.

Mr. HARRIS (Danforth): Perhaps we might call it eleven o'clock, because the subject matter I should like to take up would take more than the two or three minutes that are available.

Mr. HAZEN: I should like to address some questions to the minister.

Mr. CHEVRIER: I would rather have the opportunity of answering the hon. member for Saskatoon City.

Mr. MacINNIS: I was going to say something on the coastguard service which perhaps could be said in the two or three minutes left before eleven o'clock.

The DEPUTY CHAIRMAN: The hon. member for St. John-Albert wanted to ask some questions.

Mr. HAZEN: My questions will take only a minute.

Mr. CHEVRIER: That is what the hon. member for Saskatoon City said.

Mr. HAZEN: I have them written down, so I can make them brief.

Mr. CHEVRIER: I hope they are not on the Portland freight rates?

Mr. HAZEN: They are, but I do not expect the minister to answer them now. These are questions which I asked before the railway committee but did not get an answer. What were the operating expenses of the Canadian National Railway lines to Portland in 1947, and how much of that amount was paid in United States funds? Has there been an additional operating expenditure, or has there been an operational saving over the Canadian National lines to Portland since the reduction in freight rates became effective on November 17, 1947? I was told in the committee that I would be furnished with that information, but I have not received it.

Mr. CHEVRIER: I shall try to get answers to the questions for the hon. gentleman, but after listening to the second question I am afraid that it will not be possible to get that information. I should not like to say that I cannot get it until I have communicated with the officers of the Canadian National Railways.

Mr. HAZEN: I was told in the committee that the information could be furnished.

Mr. KNIGHT: I would appreciate if the minister would make a comment on my questions.

Mr. CHEVRIER: I can do that if the committee will give me ten minutes, but I am not going to attempt to answer the hon. gentleman in one minute.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): On Monday we would like to move that the house go into committee of supply in order to call three new departments; probably public works, national defence and veterans affairs. After that, we shall continue with Bill No. 313, to amend the Supplemental Payments Act; next, the second reading of Bill No. 300, to amend the Canada Shipping Act, 1934. Then we would move to revert to committee of supply to take up the estimates of transport, justice, post office and public works, although I do not know in what order we would proceed after transport.

Mr. MacINNIS: Are we to go into supply first thing on Monday afternoon?

Mr. FOURNIER (Hull): It is the understanding that that will be the first order of business.

An hon. MEMBER: Public works?

Mr. FOURNIER (Hull): It will be called, but it is the last on the list.

Mr. NICHOLSON: Will the housing bill be up on Monday?

Mr. FOURNIER (Hull): Not on Monday.

Mr. BRACKEN: With respect to the proposal to ask that three more departments be moved into supply on Monday, I wish to say that there will be no objection from this side of the house at any time to putting in as many departments as the government chooses; provided that each week the government will move to go into supply so that any grievances that hon. members may have can be spoken to. Our fear is that when you get so many departments into supply the time may come when you do not need to move to go into supply and we would be denied that privilege. So far as we are concerned, put in as many departments as you like as early as you want to in the session so long as you provide one opportunity in each week for hon. members to raise any questions that they may choose to raise.

Mr. CHEVRIER: There are only five or six departments in now.

Mr. BRACKEN: There would be one exception next week when the budget will be down. Since we shall be discussing the budget, it will not be necessary to ask for that, but I think this would be a reasonable arrangement and I urge the minister to accept it.

Mr. FOURNIER (Hull): Mr. Speaker, I believe I can give that assurance, because there will be six more departments to be brought in. When the budget debate is concluded, each week we shall make the formal motion to go into supply.

Mr. KNOWLES: Are there not eight more departments?

Mr. FOURNIER (Hull): I did not look over the list, but I am under the impression that there are six or seven more.

Mr. BRACKEN: You may put so many departments in that some weeks no motion to go into supply may be made at all.

Mr. FOURNIER (Hull): Oh, yes, I will give the assurance that once a week, on one of the first three days of the week, we shall move to go into supply.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, May 17, 1948

The house met at three o'clock.

INDUSTRIAL RELATIONS

CHANGE IN PERSONNEL OF STANDING COMMITTEE

Hon. LIONEL CHEVRIER (Minister of Transport) moved:

That the name of Mr. Cloutier be substituted for that of Mr. Boivin, and the name of Mr. Dionne (Beauce) for that of Mr. Beaudry on the standing committee on industrial relations.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 301, for the relief of Aldoria Rodier dit St. Martin.—Mr. Maybank.

Bill No. 302, for the relief of Marguerite Pichette Sanzone.—Mr. Maybank.

Bill No. 303, for the relief of Frederick Edward Sherman.—Mr. Maybank.

Bill No. 304, for the relief of Joseph Leopold Joffre Viau.—Mr. Maybank.

Bill No. 305, for the relief of Olga Timofy Ewaschuk.—Mr. Maybank.

Bill No. 306, for the relief of Leie Snideman Tuchsneider, otherwise known as Lilly Schneidman Schneider.—Mr. Maybank.

Bill No. 307, for the relief of William Francis Dunphy.—Mr. Maybank.

Bill No. 308, for the relief of Alice Hoare Dubeau.—Mr. Maybank.

Bill No. 309, for the relief of Jennie Leibovitch Margolese.—Mr. Maybank.

Bill No. 310, for the relief of Hugh Cyril Harvey.—Mr. Brown.

Bill No. 311, for the relief of Barbara Yuile. —Mr. Maybank.

Bill No. 312, for the relief of Violet Mae Ruth Johnson Menaker.—Mr. Maybank.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CENTRAL MORTGAGE AND HOUSING CORPORATION—LUMBER AND LUMBER SUPPLIES

Mr. WHITE (Hastings-Peterborough):

1. Are tenders called for in purchasing lumber and lumber supplies for Central Mortgage and Housing Corporation by their Ontario purchasing agent?

2. If not, what method is used in such purchases?

3. Is any preference given to veterans?

Mr. McILRAITH:

1. Tenders are not called in the sense usually applied to this term. When a rough estimate of the year's requirements covering boards and dimension lumber has been computed, the lumber buyer personally contacts the larger suppliers and negotiates prices. When the lowest price has been established, this price is used for all quantity purchases and is maintained throughout the construction season, despite any increases.

Higher prices are sometimes paid to local retail suppliers to meet emergency requirements.

On special items, such as bevel siding, cedar siding, boards milled to standard patterns, etc., tenders are called.

2. See answer to No. 1.

3. No.

BENNY FARM PROJECT, WEST MONTREAL

Mr. McKAY:

1. How many apartments have been provided for veterans in the Benny Farm project in West Montreal?

2. Have any tenants been provided accommodation other than veterans? If so, how many?

Mr. McILRAITH:

1. There are 384 apartments in the Benny Farm project.

2. Yes. Present occupancy is as follows:

1 apartment used by corporation for temporary office

1 apartment used for civilian janitor who is required by law to live on the property

7 apartments to civilians (higher rental bracket)

2 apartments to Canadian veterans of world war I

14 apartments to veterans of allied forces of world war II

359 apartments to Canadian veterans of world war II

384 apartments

ANNUITIES BRANCH—EMPLOYEES

Mr. KNOWLES:

1. How many employees of the annuities branch were formerly employed by life insurance companies?

2. Are any of such employees now engaged in an actuarial capacity with the annuities branch?

3. If so, how many, with what companies were they formerly connected, and how long is it since each one left the said insurance company?

Mr. COTE (Verdun):

1. 36.

2. Yes.

3. Three—Mutual Life of Canada, Great West Life Assurance Company, Manufacturers Life Insurance Company—14 months, 20 months, and two years and one month.

CENTRAL MORTGAGE AND HOUSING CORPORATION—LUMBER AND LUMBER SUPPLIES

Mr. WHITE (Hastings-Peterborough):

1. Did the purchasing agent for Central Mortgage and Housing Corporation purchase any lumber or lumber supplies from Mimico Planing Mills in 1947 and 1948 to date?

2. If so, what quantity, grade and kind of lumber or supplies, and at what price in each case?

3. What is the method of payment for purchases from Mimico Planing Mills?

Mr. McILRAITH:

1. Yes.

2. 3,000,000 ft. B.M. of lumber were purchased from the Mimico Planing Mills Company Limited in 1947 and 1948 to date. The quantities, grades, prices, etc., being as shown in the following table:

Grade—Mer. spruce, J. pine and No. 1 western dimension or No. 2 and better board grade, f.o.b., Mimico, Ont.

				Per M
800M ft. B.M.	2x4"x10/16'	D4S		$77.00
500M ft. B.M.	2x8"x10/16' Strong 12'	D4S		77.00
300M ft. B.M.	2x6"x6/16'	D4S		76.00
100M ft. B.M.	2x10"x6/16'	D4S		83.00
1300M ft. B.M.	1x4/12"x6/16' T&G	D2S & D4S	4"	74.00
			5"	75.00
			6/7"	76.00
			8/9"	78.00
			10/11"	83.00
			12"	87.00

3. Upon receipt of invoices from the above supplier which are supported by signed delivery slips or bill of lading signed by the carrier, cheques in full payment are forwarded to the Bank of Montreal, Mimico, Ontario, as payee for the account of Mimico Planing Mills.

MEDICAL DOCTORS

Mr. NICHOLSON:

How many medical doctors are practising in each of the provinces in Canada? What is the average income of the doctors in each province?

[Mr. Knowles.]

Mr. McILRAITH: The statement below gives the number of physicians and surgeons including and not including those on active service on June 2, 1941, for Canada and the provinces, 1941 census. No information available from the census on the average income of doctors.

	Including those on active service on June 2, 1941	Not including those on active service on June 2, 1941
Canada	11,873	10,723
Prince Edward Island	81	67
Nova Scotia	515	428
New Brunswick	310	270
Quebec	3,348	3,162
Ontario	4,698	4,197
Manitoba	740	659
Saskatchewan	593	527
Alberta	671	603
British Columbia	917	810

Note: There were also 3 physicians and surgeons in the Yukon and 8 in the Northwest Territories, which are not included in the above figures.

COURSES IN THE SCIENCE OF WAR

Mr. ASHBY:

1. How many institutions in Canada, such as military colleges, have specialized courses in the science of war?

2. What are the names of these institutions?

3. Where are they located?

4. What is the name of the individual at the head of each of these institutions?

Mr. CLAXTON:

1, 2, 3, and 4. There are five service colleges under the Department of National Defence, as follows:—

Institution—Location—Commanding Officer.

R.C.N.-R.C.A.F. College, Royal Roads, B.C., Captain W. B. Creery, C.B.E., R.C.N.

National Defence College, Kingston, Ontario, Major General J. F. M. Whiteley, C.B., C.B.E., M.C.

Canadian Army Staff College, Kingston, Ontario, Major General J. F. M. Whiteley, C.B., C.B.E., M.C.

R.C.A.F. Staff College, Toronto, Ontario, Air Commodore A. D. Ross, G.C., C.B.E.

Royal Military College, Kingston, Ontario, Brigadier E. R. Agnew, C.B.E.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NATIONAL HOUSING—CONVERSIONS IN HAMILTON DISTRICT

Mr. LENNARD:

Of the twenty national housing conversions effected in the Hamilton, Ontario district, what items were salvaged in each conversion and what were the estimated values of same?

Mr. McILRAITH: Return tabled.

CENTRAL MORTGAGE AND HOUSING CORPORATION —LUMBER AND LUMBER SUPPLIES

Mr. WHITE (Hastings-Peterborough):

1. From what firms, companies and individuals did the Ontario purchasing agent for Central Mortgage and Housing Corporation purchase lumber and lumber supplies in the years 1947 and 1948 to date ?

2. What amount of lumber and lumber supplies was purchased in each case?

3. What was the price paid in each case?

4. Were tenders called for?

5. If so, in connection with which purchases?

6. What is the method of payment for purchases of lumber and lumber supplies?

7. Have there been any cases where moneys on account of purchase price have been paid before delivery? If so, in what cases?

Mr. McILRAITH: Return tabled.

COURSES IN THE SCIENCE OF PEACE

Mr. ASHBY:

1. Are there any institutions in Canada, financed by the federal government, which have specialized courses in the science of peace?

2. If so, what are the names of these institutions?

3. Where are they located?

4. What is the name of the individual at the head of each of these institutions?

Mr. GIBSON (Hamilton West): Return tabled.

DIGBY-SAINT JOHN-YARMOUTH MAIL SERVICE

Mr. BLACK (Cumberland):

1. Has the ferry steamer *Princess Helene* been taken off Bay of Fundy service, Digby-Saint John, for period from April 26 to May 18 this year?

2. Is there a contract for conveying the western mail to and from Digby, Yarmouth and such points via this route?

3. What provisions has there been for conveying the mail when the *Princess Helene* is off duty during this period? Has it resulted in delays?

4. What is the contract price per year for conveying such mail and for subsidy for operating the steamer?

EXTERNAL AFFAIRS

INQUIRY AS TO RECOGNITION OF STATE OF ISRAEL

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs? Will the minister tell the house what is the attitude of the government of Canada towards the proclamation of the new state of Israel?

Right Hon. L. S. ST. LAURENT (Secretary of State for External Affairs): Mr. Speaker, I would prefer to make no statement at this moment. The recognition of a new state is a matter of very serious consequence.

Mr. JAQUES: Hear, hear.

Mr. ST. LAURENT: The government is appraising the situation, as well as the possible consequences and implications of recognition, and as soon as it is possible to come to a conclusion I shall be glad to inform the house.

Mr. POULIOT: It was the labouring rebirth of a nation.

JAPANESE MINES

MENACE TO NAVIGATION NEAR WEST COAST OF VANCOUVER ISLAND

On the orders of the day:

Mr. J. L. GIBSON (Comox-Alberni): I should like to direct a question either to the Minister of Transport or to the Minister of National Defence. In view of the number of Japanese mines which are reported floating near the west coast of Vancouver island, what steps are being taken by these departments of government to search out these mines and remove the menace to navigation?

Hon. BROOKE CLAXTON (Minister of National Defence): I shall be glad to look into the question and give the hon. member a reply later.

FLOOD CONDITIONS

QUESTION OF ASSISTANCE TO FARMERS IN MANITOBA

On the orders of the day:

Mr. WILLIAM BRYCE (Selkirk): I wish to direct a question to the Minister of Agriculture. In his absence perhaps the acting minister or his assistant will look after it. In view of the terrible flood conditions which are still taking place in Manitoba, can the minister say what help is being given through the Prairie

Farm Assistance Act or other agency to assist farmers who are suffering because of this catastrophe?

CO-OPERATION OF OFFICERS AND SOLDIERS IN PORTAGE LA PRAIRIE

Mr. C. C. MILLER (Portage la Prairie): May I direct a question to the Minister of National Defence? If I may have your indulgence, Mr. Speaker, and the indulgence of the house before putting the question, I should like to give some facts. The flood situation is extremely bad in the riding which I have the honour to represent. During the last week or ten days, farmers and citizens of Portage la Prairie have been striving to hold back the river by supporting the dikes and so on. It has been a night and day job. I should like to ask the minister if he realizes the very great assistance which has been given to the citizens and farmers by the officers and soldiers of the military district in that area in building up and guarding the dikes and affording relief to those who have been stranded by the waters.

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, I appreciate the remarks of the hon. member and I shall be glad to see that they are called to the attention of the appropriate officers and men.

SUPPLY

Hon. DOUGLAS ABBOTT (Minister of Finance) moved that the house go into committee of supply.

EXPORT OF FISH LIVERS—DISTRIBUTION OF NAILS —BRITISH MARKET FOR B.C. APPLES

Mr. H. G. ARCHIBALD (Skeena): Mr. Speaker, before we go into supply there is a question I should like to bring to the attention of the house. I do it at this time because I shall be leaving shortly—

Mr. CRUICKSHANK: Where are you going?

Mr. ARCHIBALD: I will be back.

Mr. SPEAKER: Order.

Mr. ARCHIBALD: A ruling of the Department of Trade and Commerce removing the restrictions governing the export of fish livers and permitting them to go to the United States is affecting the west coast.

Mr. SPEAKER: Order. I suggest that if the hon. member has a question to ask, he ask it now. Is it the pleasure of the house to adopt the motion?

Mr. ARCHIBALD: Before we go into supply I want to take a few minutes, Mr. Speaker, to protest the removal by the Department of Trade and Commerce of the restrictions governing the export of fish livers, particularly to the United States. The restrictions which have been in effect over the last ten years have built up extracting plants on the British Columbia coast. Now the raw product is being allowed to go across the border into the United States, and these industries are in danger. The industry was not forewarned of this step, and repercussions will be serious, especially among the fishermen and their co-operatives. The people involved in the industry want the restrictions put on again.

A little while ago we listened to the requests of the canning companies and put restrictions on the export of raw salmon going into the United States. It seems that these same companies are not protesting the lifting of the restrictions on fish livers, but others interested in the industry are vitally concerned. I believe the government should reconsider its plan and not knuckle under to this thing known as the Geneva trade agreement, which will completely ruin the fishing industry on the Pacific coast if affairs continue as they have been drifting. I would ask the government to reconsider its stand and again put into effect the laws governing the export of raw liver to the United States.

Mr. J. L. GIBSON (Comox-Alberni): Mr. Speaker, I should like to add a word to what has been said by the hon. member for Skeena. I am amazed that such an order should have been issued by the Minister of Trade and Commerce, or by anyone else, without giving British Columbia some hint of what was being done. I certainly appreciate the many problems that come before the Minister of Trade and Commerce. I am sure that many hon. members would be glad of the opportunity to assist him in any way they could. I am amazed to have learned of this order from the hon. member for Skeena. It is most unfortunate that we did not have an opportunity to discuss the matter with the minister before the order was issued.

Mr. F. S. ZAPLITNY (Dauphin): Before we go into supply, sir, I should like to raise a question arising out of a news item which appeared in the Winnipeg *Tribune* of May 15, which is headlined, "Builders charge 'racket' in nails," This news item goes on to say:

> A grey market and racket in distribution and sale of nails in the city was charged Friday by the Winnipeg housebuilders association.

I want to make it clear that I am not on this occasion speaking on behalf of the housebuilders association. I am not in a position

to know whether the charges which are being made are based entirely upon facts. But the charges are so serious and the nail situation is so serious across the country that the government at the earliest opportunity, preferably today, should make some statement as to what steps are being taken in the matter. The charges of this association may be summarized in the following points: the nail shortage has reached alarming proportions; it is seriously restricting the construction of houses in Winnipeg; the prices of nails are excessive; certain organizations apparently have cornered the nail market, and the same situation exists in other cities across Canada.

If even a few of these five charges are correct—if the prices being charged are excessive, if there is profiteering in the business of distributing nails, and if the situation is as serious as is pointed out in this news item, then the government should take immediate steps to remedy the situation.

I should like to quote further from this news item. The association deplored the activities of—

—"certain organizations" which had "apparently secured a corner on nails and, for the sake of a quick profit, are making the public pay . . ."

We have a prices committee which is delving into matters of the kind, and I think this emphasizes the utter futility of a committee sitting while prices soar. If the government are serious about this matter of prices, I would say that with the information that is coming out in the public press and what has already been brought out by the prices committee, they have enough material and enough grounds now to move in the direction of setting prices right.

Here are some figures, and the government should let us know today whether they are correct. We are told that United States nails are quoted at $8 a keg f.o.b. shipping point, plus 55 cents for duty and freight, which makes them $8.55; but in Winnipeg the purchasers of nails are being charged from $12.50 to $13.50 a keg, which leaves a profit of $5 on each keg.

The association says this—and we should also know whether it is true:

"All appeals to the government, the manufacturers and the wholesalers seem to fall on deaf ears," the association says.

Apparently representations have been made, and no satisfactory reply has been given. Then there is this statement which is very direct, and it is a serious charge if it is true:

We are the victims of a racket in the distribution of nails. Unfortunately, this racket seems to be within the law, but it is high time the government stepped in and made an investigation.

Further down it states that nails, on what is called the grey market, are available at from $15 to $18 a keg, which is almost double the regular price.

Mr. SPEAKER: Order. I wonder if the remarks that are being made by the hon. member should not be made in the committee on prices.

Mr. COLDWELL: Mr. Speaker, this matter has not been referred to the prices committee. It is a matter which concerns the house generally, I take it, and on the motion to go into supply the hon. gentleman, I submit, has the right to bring it up at this time. When the committee was set up, the Prime Minister gave a categorical undertaking that it would not preclude hon. members from raising questions of this kind in the house.

Mr. ZAPLITNY: Mr. Speaker—

Mr. HOWE: My hon. friend has read a good part of the Winnipeg *Free Press*—the Winnipeg *Tribune* rather—and I suggest that he has covered the subject pretty well.

Mr. ZAPLITNY: If the minister is rising to a point of order I will sit down. If not, I will continue with what I have to say. As it happens, I was not quoting from the Winnipeg *Free Press*.

Mr. HOWE: The *Tribune*, was it?

Mr. ZAPLITNY: Yes. I wish to point out —because I think there is something behind this whole thing—

Mr. SPEAKER: Order. I do not think I should permit the hon. member to continue as he is proceeding now. There is another standing order, which is well known to all hon. members, that there should be no debate in anticipation of a motion already before the house. If hon. members will turn to page 10 of the order paper they will find the following under No. 8:

May 12—Resuming debate on the motion of the Minister of Reconstruction and Supply for the second reading of Bill No. 280, an act to amend The National Housing Act, 1944.

The hon. member knows perfectly well that the question of nails and of other materials necessary for construction has been discussed previously. It was discussed at the resolution stage, both before and after it went into committee. I doubt whether I should permit the hon. member to duplicate discussion on the same matter.

Mr. ZAPLITNY: Mr. Speaker, I understand that this is an opportunity that hon. members have to air any grievance, and I am discussing a grievance which is widespread across Canada. We must bear in mind that nails are used for other purposes than building houses. There are flood conditions in western Canada, and great damage has been done to property. This will necessitate a great deal of repair work, both on the farms and in the towns, and people will require nails. If these charges appearing in the press are true, the situation is serious, because apparently a monopoly or cartel is being formed for the distribution of nails and the public is being squeezed. The public is being charged almost double the regular price for nails. If that is true, it is time the government put back price controls, with some system of allocating nails, so that all the people, farmers and city dwellers alike, may receive their fair share without being called upon to pay through the nose.

Mr. A. W. STUART (Charlotte): Mr. Speaker, with reference to the views expressed by the hon. member for Skeena (Mr. Archibald) and the hon. member for Comox-Alberni (Mr. Gibson), may I say, in reply to any opposition expressed to the action taken by the oil controller or the fisheries department in allowing fish livers to be exported to the United States, that such action meets with the approval of every fisherman in the maritime provinces. It meets with their approval for this reason. During the year 1947, fish livers in Canada, on the border where I live, were selling at four cents a pound in Canada, while in Maine they sold at eight cents a pound. The fishermen were compelled to sell to Canadian processors. The oils were purchased for the large drug companies in Canada, and after refining the oil they were allowed to ship it into the United States and take advantage of the high price of cod oil there, at the expense of the fishermen.

I can assure the wartime prices and trade board or the fisheries department, or whoever is responsible for the action taken, that it has the wholehearted support of every fisherman in my riding, and, I believe, in the maritime provinces.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I should like to say a word in support of the remarks made by the hon. member for Dauphin (Mr. Zaplitny). I believe a protest has been made by the Federated Co-operatives of Saskatchewan, who are unable to get steel rods for the manufacture of nails. I understand that complaint is being made to the combines investigation officers, and certain correspondence which I have seen has been or will be forwarded to them. That, I believe, indicates clearly that the large steel companies of Canada do not wish to supply nails to new customers of the type of the Federated Co-operatives of Saskatchewan.

Seventy-five thousand members of the federated co-operatives rely for their basic supplies nowadays mainly on the society itself, and every attempt has been made to supply the farmers with nails, not only for the building of homes, barns, granaries and so on, but also for such uses as those to which the hon. member for Dauphin referred.

I rise to ask the minister to look into the matter of a suspected combine in connection with the manufacture of nails and the distribution of steel generally, because I believe that the steel companies of Canada do constitute a virtual monopoly in the production of some of these commodities and are able to decide who shall distribute them. That is against the spirit at least of the legislation now in effect in Canada, and I support the hon. member for Dauphin and ask the government to look into the phase of the situation which I have mentioned.

Mr. H. W. HERRIDGE (Kootenay West): Mr. Speaker, I wish to bring to the attention of the house a serious grievance on the part of the registered apple growers of British Columbia. I mentioned this matter a few nights ago, and since I spoke on that occasion the growers in my constituency have held a meeting and are protesting strongly against the loss of the British preference. Furthermore, they have passed a resolution in which they indicate their willingness to take British securities and sterling in payment for their apples. The apple growers in the Okanagan in British Columbia are also considering the same approach.

Some of the growers in my district are willing to take British securities in payment for their apples, but we have been told that the British market is not now available or worth considering. I trust the Minister of Trade and Commerce will give his attention to what I am saying.

As a matter of fact, Great Britain has been importing large quantities of apples from Australia, Tasmania and New Zealand, and as late as March 15 the British government made an offer for the purchase of 500,000 boxes of apples from Belgium and Holland, but without success. We believe that some arrangement could be made whereby our growers would be enabled to ship to Great Britain certain

varieties which are in short supply there. Dessert apples are not grown in quantities in Great Britain. In fact, dessert apples are generally off the market about the end of December. I urge the Minister of Trade and Commerce and the Minister of Finance to give this matter their serious attention. When these growers are willing to take sterling and British securities in payment, I submit that under the circumstances their views and suggestions should receive every consideration.

May I indicate to the minister the position so far as gift apples to Great Britain are concerned. Prior to the war we were in the habit of shipping from British Columbia hundreds of carloads to Great Britain. The apples were assembled in the Okanagan and Kootenay and then shipped to the old country for delivery to the customer by carriers. That is not possible at the present time. The matter was taken up with the food minister, Mr. Strachey, who advised that the apples could be sent in bulk. We could send carload lots, 750 boxes to the car, provided we shipped to the British ministry of food without designating the recipients, and the ministry would distribute the apples as they saw fit.

I suggest that the Minister of Trade and Commerce take the matter up with the British officials. Many Canadians are prepared to pay for gift apples to Great Britain. This year we could send overseas as gifts to Britain between 300,000 and 500,000 boxes of apples—don't forget 500,000 boxes of apples represents 606 carloads. I wish the Minister of Trade and Commerce and the Minister of Finance would go into the matter and see if something cannot be done to help the growers of British Columbia and the people of Great Britain.

Mr. JAMES SINCLAIR (Vancouver North): I rise on this occasion, Mr. Speaker, because of the remarks just made by the hon. member for Charlotte (Mr. Stuart). I should not like it to be thought that the fishing industry of British Columbia has the same outlook as apparently they have in the maritimes with regard to this matter of fish livers. In our part of the country our great complaint has been that we have been to a much too great extent the producers of raw materials only, and have not done enough of the actual processing in our province. For that reason the British Columbia fishery members have opposed the export of raw sockeye salmon to the United States, and have done so successfully. To have fish livers in raw form exported now to the United States to be processed is simply an aggravation of that offence.

I submit that, so far as the United States dollar situation is concerned, it is far better for this country to get a larger return from the manufactured product, the fish liver oil, than a low return from exporting the raw material. I join the hon. member for Skeena (Mr. Archibald) and the hon. member for Comox-Alberni (Mr. Gibson) in urging that the export of raw material in the form of fish livers be stopped.

I concur in what the hon. member for Comox-Alberni has said with regard to consultation. Two years ago the then minister of fisheries, the late Mr. Bridges, made it a point to consult the fishery members from both coasts on every issue before it came to the house. Hon. members will recall that on fishery matters we got along rather well in that way. Suddenly to find out today, as a result of the announcement made by one member, that the action to which he refers has been taken, must lead to needless waste of time in the house. It is a matter which could well have been discussed with the fishery members of the house, either in the committee on fisheries or with the minister himself. I join with the hon. member for Comox-Alberni in urging that henceforth we be advised before matters of this kind are tossed into the House of Commons.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): I should perhaps say just a word particularly about nails. The production of nails has been increasing each month. Distribution is carefully watched. The price of the Canadian product is a stable price. The price at the mill is kept in proportion with the price of basic steel. I think it is a credit to the industry, and perhaps to the government, that the steel industry has not responded to the urgent demand but rather has kept a stable price. The pattern of distribution has been most carefully watched. Full protection is given to the building of low-cost houses. Under any government housing plan, nails are given complete priority. Nails have been going into essential houses to the full extent required.

It has been suggested that there is a monopoly in nail wire. I wish there were more nail wire; then there might be an excuse for a monopoly. The position is this—and I will speak of the Steel Company of Canada as an example. The Steel Company of Canada have $90,000,000 invested in facilities for making basic and finished steel. They draw the wire and they have nail machines. They make nails. Those nail machines are running at only about sixty per cent capacity. Why? Because the demand for their wire for various uses—baling, barbed wire and agricultural uses; it is used largely in making agricultural implements—leaves only so much

wire to be put into nails. The same is true at Dosco, which also has a large investment in primary facilities and in nail making machinery. Those two firms make, I suppose, seventy-five per cent of the nails in Canada. There is a firm on the Pacific coast—the name escapes me at the moment—which has been a traditional customer of Dosco for nail wire, and the requirements of that firm have been protected. There may be two or three other small users, and their requirements have been protected. They were part of the pre-war pattern of distribution, and that has been maintained. It is not a matter of shortage in any one locality; if there is a shortage, it is a shortage which is pretty well uniform across Canada, because the pattern of the distribution of nails has been carefully watched.

A while ago I made a statement in this house that something drastic was going to be done; we are going to make no barbed wire at all in this country for two or three months, and we are going to put all the rod into nails, with the idea of being able to build up stocks that will make the difference between the so-called acute present shortage and sufficient to provide for the current rate of consumption. I dare say that in a month or two someone will rise on the orders of the day and complain bitterly that he cannot buy barbed wire.

Mr. ROSS (Souris): Right here now.

Mr. HOWE: Yes. Perhaps we shall get that complaint tomorrow. Nevertheless we cannot use wire that we produce in this country beyond our capacity for production. It is an exceedingly costly investment to provide machinery for drawing wire, and in times like these it takes many months to obtain the necessary equipment. In other words, we are limited by the amount of wire that can be produced in this country.

As to the co-operative plant that wants to invest in nail machines and demands wire, the only way that co-operative can get the wire is to take if from another plant which is making nails with the same wire. In other words, you put people out of work and shut down machines in order that someone who has no real investment which was made in the industry when nails were in easy supply, may come in with a small investment and in an active market; and because it is a co-operative, the government orders some steel company to drop an old customer and supply a new customer. The new customer is allowed to do very well until times get tough and, when he finds he cannot compete, complaints come in that the big companies are underselling him. That is the history of that sort of transaction.

Mr. COLDWELL: The co-operatives are in business to stay.

Mr. HOWE: Perhaps so, but not in the nail business; they never have been. That is the situation with regard to nails.

I may say that if anything is this country is being watched, it is the production, price, and distribution of nails. We have done everything possible to get production up to the maximum. We are taking the last drastic step and are cutting out other necessary steel production for the time being in order to fill the nail markets.

One hon. member referred to a grey market. That grey market is not basic, and the dealers who get nails from regular distributors are carefully watched. For instance, in Winnipeg, people like Ashdown Hardware and some other reliable wholesalers are distributing in that district. I doubt very much if Canadian nails are going into grey markets. I think it is a tribute to this country that with all the grey markets operating in the country to the south of us, grey markets are practically unknown to us in Canada. The nails to which my hon. friend referred, I think, are nails that are imported from the United States. There is no law that prevents a dealer from going to the United States and buying nails—if he can buy them there—bringing them into Canada and selling them at any price he likes. If a man has such an urgent need for nails that he must patronize that type of market, perhaps there is no harm in it. But if he buys through regular channels, I believe my hon. friend will find that the price he pays is a price which is standard across Canada for nails at this time. And I may say it is a price which is considerably below that at which nails are selling in any market in the United States.

Mr. ANGUS MacINNIS (Vancouver East): I wonder, Mr. Speaker, if the Minister of Fisheries (Mr. MacKinnon) would make some statement on the matter referred to by the hon. member for Skeena (Mr. Archibald) and spoken to by other members. I too regret that the members from British Columbia, where this action has created a great deal of consternation, were not advised of what was being done. We are mature people, and I do not think we are particularly uncooperative if we are advised as to what is being done. But when we find that action of this kind,

affecting our constituents, has been taken without any knowledge on our part; when we have to be advised from British Columbia that this has taken place in Ottawa, I say it does not look very well.

Hon. J. A. MacKINNON (Minister of Fisheries): Mr. Speaker, I hesitated about taking any part in the discussion concerning this item of export, because it is not the responsibility of the Department of Fisheries, nor did my department, I believe, have anything to do with the restrictions referred to. I shall look into the matter and make inquiries, and see that an appropriate answer is given.

Mr. MacINNIS: Which department deals with it, then?

Mr. MacKINNON: It seems to be a matter for the prices board.

Mr. SPEAKER: Before I leave the chair I should like to draw the attention of hon. members to citation 488 of Beauchesne, second edition, page 148:

> Whenever an order of the day has been read for the house to resolve itself into the committee of supply or the committee of ways and means, the motion "that the Speaker do now leave the chair" must be proposed, except in cases provided by standing order 28. When such motion is proposed, it shall be permissible to discuss any public matter within the powers of the federal parliament or to ask for the redress of any grievance, and it is not necessary to move an amendment for that purpose; 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 should like also to bring to the attention of hon. members the last part of citation 345 at page 137 of Beauchesne, third edition:

> Members may discuss various matters on the motion for the Speaker to leave the chair without any amendment being proposed . . .

Then I call attention to the following:

> . . . but once debate is stopped on one matter and another matter intervenes, members cannot again discuss the former.

Hon. members will recall that this afternoon a discussion commenced on nails; then another hon. member commenced to discuss fisheries; then the discussion came back to nails, and vice versa. I have directed attention to these citations, and I hope the Speaker will not be obliged to intervene in the discussion on any future occasion.

Motion agreed to and the house went into committee, Mr. Golding in the chair.

NATIONAL DEFENCE

General services—

231. Grants to military associations and institutes, as detailed in the estimates, $116,950.

Item stands.

PUBLIC WORKS

327. Departmental administration, $246,607.

Item stands.

VETERANS AFFAIRS

532. Departmental administration, $2,253,340.

Item stands.

Progress reported.

POSTAL SERVICE

MAIL CONTRACTS—SUPPLEMENTAL PAYMENTS ACT AMENDMENT

The house resumed from Friday, May 14, consideration in committee of Bill No. 313, to amend the Mail Contracts Supplemental Payments Act—Mr. Bertrand (Laurier)—Mr. Golding in the chair.

On section 1—Extension of authority.

Mr. CHURCH: I want to ask the minister just one question. If this bill is passed today will it mean that the funds necessary to carry the post offices which were mentioned during the debate Friday evening will be taken from the receipts of the larger cities? Toronto, for instance, contributes some $15,000,000 to the Post Office Department, as compared with about $10,500,000 for the city of Montreal. I presume this money goes into the consolidated revenue fund, and the Post Office Department has had a surplus for a great many years. This is really a reconversion, under which the government will take over these post office mail contracts payments at the expiration of another year.

As I see it, Mr. Chairman, we are entitled to a reduction in postal rates, which we were promised years ago. After all, we are now paying war rates; but I am afraid the practice of the past will be continued, and the surplus turned over by the Post Office Department will be used for purposes other than that for which it was intended. Here you are going ahead and building a whole lot of public buildings which from a business or revenue standpoint are not required.

The DEPUTY CHAIRMAN: Order. I should call the hon. member's attention to the fact that this bill is to amend the Mail

Contracts Supplemental Payments Act. It deals specifically with that matter, and that matter only.

Mr. CHURCH: That is right, Mr. Chairman. This bill provides:

No supplemental payments shall be authorized under this section after the thirty-first day of March, nineteen hundred and forty-nine.

The explanatory note reads:

The words underlined on the opposite page are substituted for the words in italics above—

I contend that postal receipts are used for other than post office purposes. They are used to maintain other supplemental mail contracts, and I object to that principle unless the minister gives some undertaking that the receipts will not continue to be used for such purposes. It was always intended that the Post Office Department should give postal service to the country at cost. I should like a reply from the minister. Is it intended to continue to use the money in this way?

Hon. ERNEST BERTRAND (Postmaster General): Last year we passed an act by virtue of which we were allowed to grant certain supplements, because the cost of living was increasing, and perhaps in some cases the amounts paid these contractors were too low. When the contracts were expiring we would have had to ask for tenders, if we were not able to extend the contracts this year. That would have been the condition, in virtue of the law passed last year; otherwise it would have had no further force. That is all we are asking.

The hon. member for Broadview has made reference to Toronto, to its being a big city bringing in a revenue of about $15,000,000 to the Post Office Department, while Montreal brings only $10,000,000. There is some truth in what the hon. member has said. Perhaps he does not know, however, that most of the big newspapers from the United States reach Canada through the port of Toronto which in part accounts for the surplus from that city. In addition there are the two large stores of Eaton's and Simpson's which, through their heavy mail order business, account for the balance of the surplus over Montreal.

So far as profits are concerned, may I point out that we are not making so much more profit from Toronto, despite the money which passes through there. We must keep in mind the fact that the heavy daily newspapers come through there.

Mr. HARRIS (Danforth): Just because those newspapers happen to come through Toronto I cannot see why that city should be debited with the cost of heavy mail of that

[The Deputy Chairman.]

kind, which is for the benefit of the general public of Ontario. Indeed, sometimes I doubt whether these periodicals are for the benefit of Canada as a whole. It would be urged, however, that they are for the use of all of Canada. Just why Toronto should be charged that great overriding debit because of its being the clearing office for such periodicals is beyond my comprehension.

The DEPUTY CHAIRMAN: I hope the hon. member is not entering into a discussion of revenues from various cities. This is a simple bill to supplement payments to rural mail carriers. We cannot go into the whole matter on this bill.

Mr. HARRIS (Danforth): I bow to your ruling, and I admit we cannot diverge from the ideas which I am sure you have in mind, Mr. Chairman. However, when some few years ago I came to this house as a rural member for East York, I remember well the mail carriers who went out in their little traps, wagons and buggies. That was before the day when motorcars became so popular. I remember well those carriers coming out to lot 30, concession D, in Scarboro township. I remember their coming to the little four-roomed shack from which I was elected as a farmer member of the Conservative party—with the largest majority in Canada. I remember, as a rural member, living out in East York at a time when those carriers were bringing to me a mass of literature, some of which I did not pay for, and much of which was propaganda cleared through the Toronto post office. Now, in turn, I ask the Postmaster General to accept my protest on behalf of the area known as greater Toronto, and that rural area to which I have referred. I make my protest against charging the cost against Toronto for the carrying of these mails, this unnecessary literature, most of which comes from the United States, and a little from Montreal. Toronto should not be charged with this extra cost. The Postmaster General can stand in his place and put both hands up if he wishes, but I would say to him, through you, Mr. Chairman, that in his responsible position as Postmaster General he should thank God he has the city of Toronto to produce the revenue necessary to help carry on his department.

I am not at all happy with the minister's suggestion that Toronto is not a great revenue producer, or that it does not show favourably on the revenue side of the ledger over which the minister presides and for which he is responsible. By all means let Toronto be the distributing point for Ontario. We are the natural point for that purpose. But when the

Postmaster General is balancing debits against credits in respect of rural mail delivery, or in fact any other kind of mail delivery, I ask him to give due consideration to the revenue Toronto produces, and to the fact that we give a service to the rural communities and pay the cost of those rural mail routes.

The hon. member for Broadview has made a correct statement; and I defy the ministry, from the Prime Minister down, and in every department which receives revenue, to show the contrary, or to show that we are not highly privileged when we produce this revenue for all departments of government, including that of the Postmaster General. And all this is done in order that in turn we may discharge our responsibilities as citizens of a great country, and to do so without let or hindrance, and with good heart. I deprecate the idea which emanated from the mind of the Postmaster General—

Mr. BERTRAND (Laurier): No such idea.

Mr. HARRIS (Danforth): —a minute or two ago—

Mr. BERTRAND (Laurier): No such idea.

Mr. HARRIS (Danforth): —that Toronto and its environs, the greater Toronto area, is not a large revenue producer for the Post Office Department.

Without looking into statistics, and speaking only from my knowledge and from my observation, sitting here as a sponge for a quarter of a century, I say that the city of Toronto pays its fair share in all departments of government. We do not do much bragging about it. But I do not want any minister of the crown to rise in his place, as the Postmaster General did a minute ago, and state that the matter under review was not a paying proposition for his department.

I would ask the minister to name any other place in Canada which produces more revenue for the minister's department than does the city of Toronto, as an entity, divorced from all the things which have been added to Toronto by the superintendent of mails. Divorce from Toronto the barnacles which cling to the revenue received from the city of Toronto. I say to the Postmaster General, as was mentioned by the hon. member for Broadview a moment ago, that we as members from that area are contributing to the consolidated revenue fund, through the Post Office Department, our full share, plus sufficient to take care of other areas which have been unnecessarily fastened to the Toronto area because of the great expanses of this far-flung Canada of ours. We are an entity of about a million people in the Toronto area, which is only a certain percentage of the whole population, and we originate the revenue and are glad to have that revenue distributed throughout Canada for the benefit of all Canadians. But I cannot sit idle in my seat in this house, Mr. Chairman, when I hear the minister say, as he said a few moments ago, that there is not much profit for his department from Toronto on behalf of the Dominion of Canada. I admire and respect the Postmaster General, but I say that those words cannot be borne out by the facts. I do not propose to do any research into the matter, but I do know, Mr. Chairman—

The DEPUTY CHAIRMAN: Order. The clause before the committee reads:

Subsection four of section three of the Mail Contracts Supplemental Payments Act, chapter eight of the statutes of 1947, is repealed and the following substituted therefor:

"(4) No supplemental payments shall be authorized under this section after the thirty-first day of March, nineteen hundred and forty-nine."

That is the clause before the committee, and I think every member knows that in committee speeches must be strictly relevant to the clause under consideration.

Mr. HARRIS (Danforth): I bow to your ruling, Mr. Chairman, and I shall keep within its bounteous confines. I must say that you have been abundantly generous. But I am trying in a modest sort of way to visualize the entire financial position of the Post Office Department, and in doing so—

The DEPUTY CHAIRMAN: Order. If every other member of the committee undertakes to do the same thing, how long shall we be on this bill? It is entirely out of order. The discussion must be kept relevant to the clause before the committee.

Mr. HARRIS (Danforth): I bow to your ruling again, Mr. Chairman. For a quarter of a century the rural mail carriers have given good service to my little farm home, lot 30, concession D. It is a very muddy road, and it is difficult to get in and out during the winter months. The road is not snowplowed in winter. In fact, we used to go down on horseback and meet the carrier part way, to get the mail and see what news there was for us. May I be permitted to petition the Postmaster General to be generous to these carriers? I ask it for this reason. This clause which extends the legislation for twelve months does not take into account the increase in the cost of conducting the rural mail service within the last year. A year ago we could buy bananas at so much a dozen; now we get no bananas

at all. A year ago we got our supplies of potatoes delivered to our modest little home. Now they cost us more money. Oats cost more for the horses that pull the carrier's little wagon along. They are part and parcel of his costs. Hay is part and parcel of his costs. I think of the price of hay and oats today, and of the price of the new bonnet for the carrier's dear wife, and the cost of the clothes for his children going to school, and the extra fare they have to pay on the bus, and what not. I say to you, Mr. Chairman, that the carrier's costs are not something you can standardize and compare with costs as they were prior to March 31, 1948. Further consideration should be given to these carriers in this year of grace which expires on March 31, 1949, in view of his costs in this year as compared with his costs in the year expiring March 31, 1948. I make this civil request, that all these considerations be taken into account by the Postmaster General; because, after all, the people who are recipients of the mail delivered by these rural mail carriers are the backbone of this country. Our sons and daughters would migrate to the towns and cities and leave the farm if they could not get their mail; and if he does not raise the standard of remuneration for the carriers for the next twelve months I say that the Postmaster General will not be acting for the general good of Canada. Keep these boys and girls on the farm by supplying them with mail every day, or at least three times a week, so that they can read the latest literature and know what is going on round about them.

I remember last week going seventy miles from here and staying over night at the end of a road nine miles from nowhere. I watched a little boy about thirteen whom I helped with his mathematics. What was he doing last Friday night a little after six o'clock? Reading the paper which had been delivered by the rural mail carrier in a place nine miles from nowhere. He was happy in the bosom of his family, because through the mail he was in touch with the world outside.

Be fair to the men who carry the mail to these folks. I say to the Postmaster General: Do not confuse the issue with your money maker, the million people who live in the environs of the city of Toronto. Let every herring hang by its own tail. Be generous to the rural communities. We need them to stay where they are. They are the backbone of the nation. Do not, Mr. Chairman, allow any confusion of this issue from here on by interpolations about the great metropolitan city of Toronto, which with Montreal will help in its modest way to carry the burden of these people in the rural areas whom we need to make Canada great.

[Mr. Harris (Danforth).]

Mr. BERTRAND (Laurier): Mr. Chairman, I am probably one of the greatest admirers of the city of Toronto and of its representatives in the house. They are all my friends, and I do not want in any way to leave the impression that I do not admire Toronto; I do.

Last Friday a question was asked me by the hon. member for Bow River about the Ghost Pine Creek rural route No. 1. I said that I would give the particulars of this contract, and I have them here. Mr. D. de Frece, the contractor, received $650 for performing the service on a tri-weekly basis. He was granted a bonus of $70, bringing his total remuneration to $720 per annum, which is equivalent to $54.34 per mile. The contractor refused to renew the contract on October 1, 1947, unless he was given $960 per annum, which is equivalent to $72.45 per mile. The rate paid in the Calgary district for similar services as of the 31st March, 1947, was $50.10 per annum. Tenders were therefore invited and only one tender was received from the present contractor, who tendered at $960 per annum.

In view of the high rate, temporary arrangements were made, effective 1st January, 1948, with the contractor for service on a reduced frequency of two trips per week at $640 per annum until such time as a better rate could be secured. The contractor advised in March, 1948, that he would accept $840 per annum for a tri-weekly service. This offer was accepted and instructions were issued on 10th April, 1948, for execution of a contract on that basis. Tri-weekly service was resumed May first.

The contractor is satisfied and we are satisfied; therefore I hope there will be no quarrel between the hon. member and the Post Office Department.

Mr. JOHNSTON: Does the minister mean that there will be a tri-weekly service from now on?

Mr. BERTRAND (Laurier): There is a tri-weekly service now.

Mr. JOHNSTON: I am sure that will be satisfactory, and I want to thank the minister for giving the committee that information.

Mr. CHURCH: I have been wondering about these supplemental payments on mail contracts. There is no clause in the annual report dealing with these supplementary payments on mail contracts. They amount to a very large sum of money.

Mr. BERTRAND (Laurier): I gave all these details on the resolution last Friday. I could repeat them for the hon. member.

Mr. CHURCH: I want to point out one thing if the minister will be kind enough to listen for a moment. During the last four years we have had a general surplus of revenue amounting to $41,000,000 in the Post Office Department. That surplus has been taken up to a very large extent by the supplemental payments outside of the contracts for mail and for other matters. I hope that at the next session there will be included in the annual report a section dealing with these supplementary payments on mail contracts. In 1944 we had a surplus of $10,000,000; in 1945, $11,000,000; in 1946, $10,500,000 and in 1947, $8,773,000. It will all be found on page 11 of the Postmaster General's report.

It is a well-known fact that when the large surplus which the post office has had for many years is eaten up it is due in part to the method of financing in the post office which is a public utility, and should be operated from the commercial aspect and at cost. That is not being done. If these supplemental payments have to be made because of the high cost of living and things of that kind which enter into it, they should be charged to some other fund and not in the manner which is indicated here, which prevents the department from making a reduction in postal rates on first and second-class mail in the country. I hope some improvements are made.

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADA SHIPPING ACT

AMENDMENTS TO ACT OF 1934

Hon. LIONEL CHEVRIER (Minister of Transport) moved the second reading of Bill No. 300, to amend the Canada Shipping Act, 1934.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, this is a bulky bill so far as pages go, and an important one. I have received a copy within the last few minutes. If the minister insists I will not oppose the motion, but I think it is unfair to suggest that we should give this bill second reading when we have not had an opportunity to see it. The bill came from the other place. I made inquiry at the joint distribution office this afternoon to see if I could obtain a copy, but no copy was available at that time. I received a copy within the last five minutes.

Mr. CHEVRIER: May I be allowed a word of explanation to the house as to the reason for the delay referred to by the hon. gentleman. The bill was passed by the other place on May 12, and announced from the Speaker's chair on Friday, so that from Friday until today was the only time in which those responsible for the preparation and distribution of the bill were able to compile it with the amendments. That is why it has not been here sooner. If it is the desire of the house to postpone second reading I can, of course, go on with other business, but I would prefer to go on if I can. I understand that there will likely be a discussion, and I do not know that we shall get into the clause by clause discussion immediately.

Mr. JAMES SINCLAIR (Vancouver North): I should like to say a word or two on this matter. This is a matter in which I am very much interested. I have been following the proceedings in the senate, but as members of the house this is our first official knowledge of it, and that knowledge came to us just five minutes ago. I am interested in one phase of the matter, namely, radio operators on the coastal ships on the coast of British Columbia. If this were a complete bill I would be quite prepared to go ahead with second reading now and wait until the appropriate section was up for discussion. But this is not a complete bill; it is merely an amending bill. I can find no reference in it to radio operators, although I notice it is considered desirable to carry certified cooks on ships. I would suggest that it would do no harm to have this bill stand over at least until tomorrow, so that those who are interested in it can study it before second reading, and thereby proceed in a more intelligent way, rather than have second reading given to a bill to which we have been able to give only five minutes' study.

Mr. JOHN BRACKEN (Leader of the Opposition): Mr. Speaker, I do not think the house can afford to approve the practice of giving second reading to bills which we have not seen. I know nothing of the details of this measure, but I would suggest that the house permit the minister to make whatever explanation he wishes to make with respect to it, and then I should like to think the minister would agree to leaving it over for consideration at a later time. I think that is a reasonable suggestion.

Mr. CHEVRIER: Then, if I shall be allowed to make the usual statement, hon. members need not take part in the debate and we can adjourn it until tomorrow.

Mr. Speaker, Bill E5, an act to amend the Canada Shipping Act, which has come

from the other place, contains a number of amending sections to the present Canada Shipping Act. The Canada Shipping Act was passed in 1934, proclaimed in 1936, amended twice thereafter, and this group of sections which the house has before it now seeks further to amend it.

The Canada Shipping Act, 1934, is divided into sixteen different parts, each of which deals with separate and various aspects of maritime law. The amendments contained in this bill cover certain miscellaneous matters, and in the main the bill may be considered under five headings. The first has to do with certification of officers, the second with shipping of seamen, the third with steamship inspection, the fourth with a new section to the act, fatal accidents, and the fifth with the approval of certain international conventions which were passed at Seattle in 1947.

I should like to deal with these five sections of the bill seriatim. Part II of the act is designed to provide that all ships shall have properly qualified officers and masters, mates and engineers. Owing to the prevailing scarcity of qualified deck officers and engineers, the government considers it advisable to permit relaxation to be made in the requirements of sections 113 and 114, which have to do with the number of qualified masters, mates and engineers there should be on each ship, and also with respect to sections 132 and 133 of the act, which have to do with the clearance of ships at customs.

The house will remember that under the Was Measures Act, during the war years, there was passed order in council P.C. 4306 of June 17, 1941. This order gave the minister concerned permission to grant to any Canadian registered ship the right to clear on a voyage, even though the master or mate of such ship has a certificate a grade lower than that required by the Canada Shipping Act, 1934, and it also gave the minister some power with reference to second, third or fourth-class engineers, so that these could be substituted in place of first, second or third-class engineers.

This order in council, as the house will recall, was passed under the War Measures Act and continued under the transitional powers act, this year continued until the end of March, 1949. It is proposed to insert practically the same language in the act under section 133 (A), which will authorize the minister to exempt any ship from any requirement contained in sections 113, 114, 132 and 133, or to dispense with the observance of any such requirement under certain conditions and subject to certain safeguards.

[Mr. Chevrier.]

I should like to draw the attention of the house to the fact that the same position obtains in the United Kingdom where section 78 of the Merchant Shipping Act, 1906, gives the board of trade, now the ministry of transport, power to exempt any ship from any requirement of the Merchant Shipping Act, or to dispense with the observance of any such requirement. It is considered, in the interests of the maritime industry of this country, and in order to keep ships moving, that this section is of the utmost importance, and it is hoped that, in order to keep our ships moving, the house will give approval to this section, which exempts the certification of officers, masters and engineers from the requirements of the sections I have mentioned.

There are proposed in the bill other amendments having to do with the certification of officers, but I shall not take up the time of the house by dealing with them at this stage.

The second part to which I should like to draw the attention of the house is that having to do with seamen. Part III, of the Canada Shipping Act provides for the shipping of seamen and the rights and liabilities of seamen, and provision is made in great detail. Seamen on inland waters are differentiated in some respects from those who sail the deep seas.

This part of the act contains special provisions for the protection of seamen, who as a class have always been regarded as favourites of the law. The government has given the most careful consideration to various representations made on behalf of seamen and has decided that certain provisions of part III should be amended so as to bring the act more into line with modern conditions of employment of seamen.

Various amendments are proposed to part III, the most important of which is, I think, contained in the clause of the bill which provides for giving legislative effect to four international conventions.

Mr. HAZEN: What clause?

Mr. CHEVRIER: Clause 228 (A) of the act. These international conventions have to do with the medical examination of seafarers, certification of ships' cooks, catering and food supply on board ship, and the certification also of able-bodied seamen. I wish to refer to these conventions more in detail as I go along, particularly when I reach that part of the bill.

There is provision in the bill for the appointment of shipping masters, which provision I think will commend itself to the house. As the house knows, shipping masters are now

appointed by the governor in council and are paid fees of office in lieu of salary. It is proposed from now on to appoint them in the regular way under the Civil Service Act and we intend to pay them by salary.

Section 222 of the act provides for the disposition of the property of deceased seamen. The section as it now stands has been found cumbersome and has created difficulties from time to time for the dependents of seamen who have claimed assets. The amendment as proposed will facilitate the disposal of wages and effects of deceased seamen.

Mr. SINCLAIR: What section?

Mr. CHEVRIER: Section 222. The government recognizes the importance of the galley in the life and work of a seaman, and provision is made in the bill to require foreign-going ships of 1,000 tons or over to carry certificated cooks. One of the international labour organization's conventions set out in the schedule to the bill also makes provision for the certification of ships' cooks, but as this convention depends upon other nations for ratification, it has been considered advisable to legislate independently of the convention, so that there shall be no delay in requiring Canadian ships of this class to carry certified cooks.

I might also mention the amendment to section 244 of the act, which abolishes the penalty of imprisonment for desertion or for being absent without leave in Canada. This is a new departure. As the law now stands, when a seaman deserts his ship he is liable not only to forfeiture but also to proceedings leading to imprisonment. If this amendment is accepted by the house there will be no longer the penalty of imprisonment for seamen who desert their ship or who are absent without leave from their ship in Canada. In so far as that convention is concerned, outside Canada, the position remains exactly as it was.

Mr. MacNICOL: May I ask if that refers just to foreign ships?

Mr. CHEVRIER: No. That refers to all ships. While still dealing with the question of desertion, I should like to point out to the house that there is no imprisonment for desertion in the United Kingdom. The bill provides for a new subsection 2 which is added to section 244, the desertion section, which explains and makes clear that a seaman who is on strike cannot be guilty of desertion. It is therein set out that a seaman is not guilty of an offence under section 244 by reason only of the fact that he has taken part in a lawful strike after his ship has been placed in security at a port in Canada.

In the other place an amendment has been made to this section as well as to several others, and I should like to take a moment or two to deal with those when I have completed my remarks.

A third part with which this bill deals has to do with steamship inspection. Part VII of the act covers steamship inspection; and a number of important amendments contained in the bill deal with that part. Provision is made, for example, for the inspection of classed ships; that is to say, ships which are classed with an approved classification society such as Lloyd's, or British Corporation, at longer intervals than one year. The act now provides for annual inspection of steamships; that is section 387. Representations have been made that classed ships are inspected annually by classification society-surveyors, which involves a duplication of steamship inspection. Those representations went on to say that a complete inspection requiring drydocking of the vessel, by a Canadian steamship inspector, should not be required every year. The government considers that the steamship inspection requirements for classed ships should be modified and be more in line with classification rules. The amendment to section 387 provides for the inspection of classed ships at longer intervals than once in a year, as the governor in council may prescribe. It is not intended, however, to relieve classed ships from annual inspection in respect of lifesaving and fire-extinguishing equipment.

There are other important amendments contained in the bill which affect part VII. For instance, clause I contains the definition of "pleasure yacht", which makes it clear that such a vessel cannot be used to carry passengers as a matter of business and retain its status as a pleasure yacht exempt from annual inspection and the requirements of the act relating to the carrying of certificated officers. This amendment is brought about by a series of accidents which took place on the lakes, and on Georgian bay particularly, in pleasure yachts which did not follow the provisions of this section. It has been found necessary to amend the act accordingly.

The expression "sailing ship" is also defined to mean a ship wholly propelled by sails. Ships which are equipped with propelling machinery, even though they are also equipped with sails, will become subject to steamship inspection and the requirements of the act respecting competency of officers.

Some years ago a commission was set up by the government to deal with the operation of small boats on the river St. Lawrence, and one of the recommendations brought in by the

then commissioner, Hon. Mr. Justice Lucien Cannon, District Judge in Admiralty of the Exchequer Court of Canada, had to do with this particular matter. It has been thought advisable to amend the particular provision of the Canada Shipping Act having to do with small boats. I hope that amendment will commend itself to the house.

Another important amendment relating to steamship inspection included in the bill again has to do with one of the orders in council that was passed under the War Measures Act. This was order in council P.C. 2245 of March 23, 1942, which authorized the chairman of the board of steamship inspection to relieve ships from inspection requirements in any specific case of emergency where he deemed it necessary or advisable in the public interest, to such extent, in such manner and upon such terms as after investigation the circumstances warranted. It was provided that the chairman of the steamship inspection board could not relieve any ship or any owner of such ship from the requirements of part VII of the act until and unless the ship was in seaworthy condition. That order in council was extended under the transitional powers act, and further extended this session until March, 1949. Thanks to this section, during the war years the steamship inspection board were able to assist where action was required in great haste, without amending the act. It is proposed to continue the provision or the principle contained in that order in council with some slight changes in one of the amending sections. It will be under section 488A, which will authorize the minister, on the recommendation of the chairman of the board of steamship inspection, to relieve ships from complying with part VII of the act in specific cases of emergency as therein more specifically set out. I have referred already to the Merchant Shipping Act, 1906, of the United Kingdom, which gave the ministry of transport power to dispense with the observance of any requirement of the Merchant Shipping Acts. This amendment will be in line with a similar section or one very much like it now in existence in the United Kingdom act.

Then I come to the next part with which the bill deals, and that has to do with fatal accidents. It is a new part altogether. It is introduced under the heading "Fatal Accidents." At present there is no provision in the act that entitles the dependents of deceased persons killed as a result of an injury caused by a ship to take proceedings *in rem* against the ship. A seaman can always go into the admiralty court and sue the ship or elect to take compensation under the provincial workmen's compensation acts or under the dominion act which was passed recently in this House of Commons. But heretofore the dependents have not had the right to take action against the ship, what is called an action *in rem*. This new section will entitle the dependents of a deceased seaman to institute such an action, or to elect to take compensation, whichever is the higher or whichever they prefer. It has been held that the exchequer court on its admiralty side has no jurisdiction to entertain an action *in rem* in respect of fatal accidents; and the provisions of this part are intended to remedy this defect in the law and to enable dependents of deceased persons to take proceedings in the court of admiralty in any case where the deceased person would have had the right to maintain an action if death had not ensued. The provisions and terms of this new part are very similar to those contained in the fatal accidents acts of the provinces, particularly the act in Ontario.

The last part with which this bill concerns itself is the international labour conventions. In the schedule to the bill are set out four international labour conventions which the government proposes to ratify and make effective by regulations of the governor in council. These conventions, as I have already stated, are: the medical examination (seafarers) convention, 1946; the certification of able seamen convention, 1946; food and catering (ships' crews) convention, 1946, and the certification of ships' cooks convention, 1946.

The convention concerning the medical examination of seafarers provides that no person shall be engaged for employment in a seagoing vessel unless he holds a medical certificate attesting to his fitness for the work for which he is employed. In the convention are set out the various conditions and the various ships to which the convention does not apply; for instance, certain small seagoing vessels of less than two hundred tons gross registered tonnage, certain fishing vessels, estuarial craft and the like are not subject to this convention. It also provides for each government to prescribe the nature of the examination and the manner in which the medical examination shall be held, together with the particulars to be included in the medical certificate, as well as the period during which the certificate shall remain in force. The medical examination of seamen is not provided for in any part of the Canada Shipping Act as it now stands.

The next convention, dealing with the certification of able seamen, provides that no person

shall be engaged on any vessel as an able seaman unless he holds a certificate of qualification stating that he is competent to perform any duty which may be required of a member of a crew serving in the deck department. This convention also provides that each government shall make arrangements for the holding of examinations and the granting of certificates of qualification. It also provides that no person shall be granted a certificate unless he has reached the minimum age, which is eighteen years, unless he has served at sea for a certain length of time and unless he has passed an examination of proficiency, and that the minimum period of service at sea, generally speaking, shall be not less than three years. The certification of able seamen, like the medical certification, is not required under the existing provisions of the Canada Shipping Act. As it now stands, that act only provides that a seaman shall not be entitled to the rating of able-bodied seaman unless he has served three years at sea.

The third convention concerns food and catering for crews on board ship. It provides for the promotion of a proper standard of food supply and catering service for the crews of seagoing vessels that are engaged in the transport of cargo and passengers for the purpose of trade. The convention contains many provisions designed to ensure a proper food supply and catering service for seamen on seagoing vessels.

Finally, the certification of ships' cooks convention provides that no person shall be engaged as ship's cook on a seagoing vessel unless he holds a certificate of qualification, and that each government shall make arrangements for the holding of examinations and for the granting of certificates. The existing provisions of the Canada Shipping Act do not require certificated ships' cooks.

I should add that these four conventions apply to seagoing ships and would not affect the operation of ships which ply on inland waters, except possibly with respect to the engagement of an able seaman, if an inland water sailor wished to be rated as an able-bodied seaman.

Before leaving this part of my remarks, I should like to deal briefly with the amendments made in the other place, which I am sure will be given careful consideration by the house. With but one exception I think there is no serious effect on any principle laid down in the act. The clauses having to do with the definition of home trade, inland waters and minor waters have been extended to a certain degree and, as I stated a moment ago in connection with section 244, which provides that a seaman who is on strike is not deemed to be a deserter within the meaning of that section, the other place has seen fit to amend the provision by further defining the terms and conditions under which a ship must be safely placed at harbour. Perhaps I might read this amendment, because I consider it of some importance:

> A seaman is not guilty of an offence under this section by reason only of his taking part in a lawful strike after his ship and cargo have been placed in security to the satisfaction of the harbour master or the master of the ship where no harbour master is available, at the terminal port in Canada of the voyage in which the ship is engaged.

I should think that amendment would add considerably to the value of the subsection.

Then it was deemed advisable to amend section 182 (1) of the act, which provides for continuous discharge books in a form to be approved by the minister. The house may have some reservations with respect to that amendment. Certain amendments were added in order to come to the assistance of pilots on the St. Lawrence river, and on the whole I believe those amendments should commend themselves to the house. Other amendments are of a minor nature, and I do not propose to deal with them at this time.

In this brief review of this important bill I have endeavoured to outline the main and cardinal points with which the house will be asked to deal in these amendments. The Canada Shipping Act requires a good deal of study for one to be familiar with its many and varied provisions which constitute the basis of our maritime law.

In conclusion, may I say that the government has considered carefully the representations made by organizations interested in the welfare of our merchant marine and the seamen who man the ships. I do not think this act is one which should be changed drastically as some would advocate. It is a result of many years of experience in the operation of merchant ships, which is different from any other kind of transportation. The experience of the years should not lightly be cast aside if the shipping industry of this country is to prosper. The amendments contained in bill E5 are designed to strengthen this industry and to help the seamen who go down to the sea in ships flying the Canadian flag.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, as a former chairman of the harbour board of the city of Toronto, and one who has given much thought and attention to the Canada Shipping Act, I am surprised that on this eighty-fifth day of the session the minister should bring down a bill of this kind, particularly when we realize that we shall be here for

only about six weeks more. In this short time he asks the house to pass these amendments to the Canada Shipping Act.

Let me say that these amendments constitute virtually a new shipping act for Canada. First, it changes the definition of a ship. Formerly the definition stated that any craft not propelled by oars was a ship. Now pleasure boats, and other craft of that kind, have been added.

In my view this bill should have been submitted to the marine sections of boards of trade in Canada. Hon. members are aware that shipping on the lakes is a precarious business, to the point where there have been mergers of passenger and cargo shipping interests. Even yet they are having considerable trouble.

The time for a proper shipping act is long overdue, for the protection of those who sail the ships in all kinds of weather, from the upper lakes down to the sea, so as to advance the grain trade and the western crop to the seaboard.

In my view this bill should be sent to a committee. I sympathize fully with the difficulties which have confronted both the Minister of Labour (Mr. Mitchell) and the Minister of Transport (Mr. Chevrier) in recent months. I have seen some of the ships operating on the lakes, and I know something about the conditions under which labour operates on those lakes today. They risk their lives, and in the event of difficulty, through storms, United States lifesaving stations have to come into action.

The bill proposes to read into the statute another labour convention. For the first time, so far as I know, a difference is made between the granting of a certificate for a cargo ship and for a passenger ship. The governor in council, through the minister, has power to grant certain temporary certificates to mates, captains and other ship officials. All officers who are of the rank of lieutenants in the Canadian Navy have the right to operate a ship on the ocean or lakes, for purposes of domestic trade. This feature, I believe, goes a little too far, unless it can be shown that these officers have had experience in the handling of passenger or cargo ships at sea.

Today the admiralty court meets but seldom, at which time it goes across Canada. In Ontario we have only one admiralty judge who, I am pleased to say, is a good one. It will be noticed, however, that if there is a fatal accident on a cargo or passenger ship the case is tried by the admiralty judge, whereas formerly suit could be brought in the assizes, as the latter courts meet three or four times a year and the admiralty court only on special work.

This would appear to be a satisfactory bill in many ways; but there are other features of it which in my view should receive careful consideration before, on this eighty-fifth day of the session, we are asked to accept it.

Some other changes, all of which I shall not outline, have been made. Some of these deal with the definitions of officers of ships, and others relate to the powers of the minister. We know that formerly, until 1936, a minister of marine was in charge of the department. That work is now done by the Department of Transport; and in my view this was a proper change.

So far as rates are concerned, hon. members know that water-borne traffic on the inland lakes has, in the past, had the effect of regulating rail freight rates. I am sorry to say that on Lake Ontario and Lake Erie we have lost some of the passenger ships which formerly helped to regulate freight rates during the spring and summer months. I have in mind particularly boats which operated between Toronto and the towns and cities of Picton, Belleville, Trenton, Brighton, Colborne, Port Hope, Cobourg, Whitby and Oshawa. Those boats were effective in bringing the crops and package freight to Toronto during the summer months. We know, too, that an average of about 800,000 tons of coal a year is brought by ship to Ashbridge's bay and the ship channel at Toronto, as was seen the other day by those members who visited that city. That coal comes in part from lake Ontario and lake Erie ports, and is a great boon to our city.

While the bill has many good features, I hope the minister will see fit to have it referred to a committee of the house. It is one of the most important bills we have had before parliament in the last twelve or fourteen years. I remember when it was proposed in the Armstrong bill that jurisdiction over freight rates on the lakes should be placed in the hands of the boards of transport commissioners or, as it was then known, the board of railway commissioners. The proposal was opposed for years by the shipping interests on the lakes, deputations appeared before the select committee and supported Mr. J. E. Armstrong, member for Lambton-Kent of that day, and asked that the board be empowered to regulate freight and passenger rates on inland waters.

It will be noted that the bill makes reference to minor waters. As described in the bill, these would not include lakes Ontario, Erie, Huron and Superior, and Georgian bay. I

believe lake Winnipeg is included. There are, however, many other important navigable streams and rivers in the country which, due to the development of water power, and the possible development in the future, will be of great importance.

In the early days transportation was by canoe. Parkman states that no cape was entered or river turned unless a canoe led the way. Those were the days of pioneer civilization. From that day we see how we have become the fifth trading nation in the world.

I would repeat my view that not only should this bill be sent to the various boards of trade, labour organizations and others, but should be placed before a committee of the house. We are reading into the bill certain conventions agreed to by international labour groups. I have nothing in particular to say about that, except that anything we accept should be adapted to our circumstances. I have read some of the provisions; conditions in Canada should be kept in mind, and it should be remembered that our conditions are not those of South American and other countries where they have water-borne traffic twelve months of the year. Ours is only seasonal traffic, and provision should be made along those lines. I suggest that this bill be advanced a stage and then sent to a committee of the house, because six weeks is too short a time for this house to draft a brand new shipping act. The last amendment was in 1934, when the bill was sent to a committee presided over by the Hon. Mr. Cahan.

This is a most important bill. We want to encourage water-borne traffic and regulate freight and passenger rates on ships. We are a nautical people, and we never should have the trouble we are having with our seamen on the great lakes. Nothing has done more for Canada than our aquatic sports. Ned Hanlon spread the name of Canada far and wide when he went to Australia. Gordon on the Nile had to get loggers from Canada to navigate those waters. The youth of this country are interested in aquatics. Canada's navy made a glorious record in the late war and proved a blessing to this country. Many of our Canadian youth who served in the navy as able-bodied seamen would like to join the shipping industry on the great lakes, and it could provide a great deal of work for them. I hope that the bill will be advanced a stage and then be sent to a committee of this house for study.

Mr. H. G. ARCHIBALD (Skeena): Mr. Speaker, I should like to make a few comments on the amendments to the Canada Shipping Act. I am pleased to see some of the improvements made; for example, shipping masters are to be in the position of civil servants. I have had representations both from the union to which I belong and from businessmen in the city of Prince Rupert asking that this be done. If the shipping master in such a port as Prince Rupert were to leave the port, there would be nobody else there qualified for the post; yet this man has a necessary function to perform. I hope that such a man as we have in Prince Rupert will be included in the civil service, as this gentleman is performing a very necessary function.

The amendments also make certain improvements in regard to health and the certification of such trades as cooks. One thing I did not understand in the original amendments, and I presume it is in the new amendments which were placed before us just before this debate opened. The original bill laid down certain qualifications for a certified cook. Yet when it comes to the certification of an able seaman we are referred to the schedule which is, I presume, to be brought into force by order in council.

Mr. CHEVRIER: May I explain? The international conventions were approved by members of the I.L.O. Four of them were approved. The reason why my hon. friend sees a repetition in the bill of ship's cook is that it may take some years, or at least some months, before the convention is approved. That is the reason for putting it in the bill.

Mr. ARCHIBALD: I hope that the government can act speedily and, of course, with justice to see that the seamen are given certification and that certain qualifications are demanded of them. In the briefs that I have received from the Seafarers' International Union they have asked for that. I imagine that the government have been forced to this conclusion by the fact that they had to lower the qualifications for officers. A seaman's job used to be anyone's job who would come into a port and go out on a boat. I hope that there will be stricter regulations governing shipping in the coastwise trade to provide that they must carry a good number of able seamen and other trades so that we can begin to build up the occupation of seafarer.

I am sorry that the eight-hour day has not been incorporated in the bill. I sat on a board of arbitration drawing up agreements between the Seafarers' International Union, the Canadian Pacific, the Canadian National, and Union Steamships on the coast, and a lot of discussion was caused because the eight-hour day was not enforced on shipping. Union Steamships has stops at inaccessible places

and more is demanded of the men who work for that company. I imagine it boils down to this, that the rates will have to go up or more subsidies be paid. But it all comes out of the hide of the average seaman, and we would like to see the eight-hour day established. Furthermore the present situation is not a healthy one. There is in Vancouver, for example, the local office of the union. Many of the old-timers will be waiting around there until a United States boat comes in. They do not want to go out on a Canadian boat. My own brother was forced into that position. He took a voyage on a United States boat because he would make more money and work under better conditions on a ship flying the United States flag. The navigation laws of the United States are much more advanced than ours, and we could have gone quite a bit farther than we are doing in these amendments.

The seamen would like to have the advance note system abolished. That is a system under which the skipper has the power to advance on the man's wages one pound per week while he is in port. The seamen would like to have that changed to the corresponding item in the navigation laws of the United States, where they have what is called a slop chest, and the seaman is not forced to take a note to a beer parlour or a restaurant and have it discounted, but he can buy what he wants on board, tobacco, clothing, and so forth, and at a reasonable price. That is the system on United States vessels but not on Canadian vessels to any great extent.

I was disappointed that the other place in its wisdom turned down the representations made by the Department of Transport that the continuous discharge book be done away with. I do not know what these men are thinking of in the other place when they do that sort of thing.

Mr. BLACKMORE: They are not thinking at all.

Mr. ARCHIBALD: I would give them the benefit of the doubt.

Mr. BLACKMORE: That is very hard.

Mr. ARCHIBALD: Take the position of seamen today. They are our representatives in foreign ports, and we want the best type we can get. We want stable labour relations, but we cannot have them with this sort of thing. Even if a man is a perfectly good seaman, he may get a skipper with whom he does not get along, and he is tagged from then on. He has a bad record stamped right in his book. These men want to be treated as ordinary civilian workers, not as slaveys. This is not the good old days of the British navy at the time of Trafalgar. You cannot expect to impose conditions such as that. It is erroneous to believe that you can get the best types by maintaining such conditions and a continuous discharge book by which a man's record can be brought up against him even though he has made only one mistake. Because of the continuous discharge book, he will be hung with that mistake for the rest of his life.

In addition, the nature of the trade is different from what it was in the old days when men were gone for a year or more. We are now living in the age of steam, turbines, diesel engines and so on, and voyages are not of too long duration. Men can usually sail into a major port where all grievances are straightened out by business agents and so on. I should like to see the government lead off by ignoring the attitude of the other place and bringing in what the department asks for, and do away with the continuous discharge book.

Another point I should like to bring up at this time is the matter of shipwrecks. I notice that facilities for getting the men home have been improved, but if they lose all their effects they are not replaced. Men going to sea today take their radios along with them as well as electric shaving outfits, and so on. These things mean quite a bit to them. In the event of a shipwreck they lose all their gear. They are just given clothing if they require it when they get into some port where the port authorities can give it to them. The companies should carry insurance to pay for the loss of the effects of the men. The nature of the industry is not such that the men themselves can carry insurance. I have in my possession some correspondence which came to me a few years ago, and which dealt with the ship *West Clark Park*. The men lost all their effects off the coast of Mexico, but could not get any recompense. I have mentioned this before in the house. There was the case of the government's own snag boat on the Skeena river which was burnt. The men lost all their effects, and the department would not recompense them for their loss. That sort of thing should be cleared up through the medium of insurance for the men if they lost their effects. These are things that should be cleared up at this time.

I should like to mention one other thing. I do not want to do it in a contentious way. I bring it up because it comes under the Canada Shipping Act. I refer to the deep-

sea fishermen. On the west coast the government is actively sponsoring more and more deep-sea fishermen. In fact it has a boat going out on the Pacific to explore further development of tuna fishing or any other kind that can be developed with semi-oceangoing fishing boats. Take the halibut boats. They are fifty, sixty, and seventy feet long.

Mr. SINCLAIR: And whaling as well.

Mr. ARCHIBALD: Yes, the halibut fleet goes away up off the coast of Alaska most of the time. The tuna fleet goes down off the coast of California, Washington and Oregon most of the time. Under the act they pay a certain amount and are covered for health and accident, but they can get the benefits of that only in a Canadian port. The whole fishing fleet is going through an evolution. The boats are getting bigger and bigger and are going farther afield. We should like to see the act extended, so that these men would be covered when they were off the California coast or the Alaska coast and had to run into California, Ketchikan or Juneau or any of the ports off Alaska. It would not mean a great deal more expense. All the men are now paying into the fund. It would not mean extending it to other groups; it would mean that you would be extending the facilities to men who are already paying into the fund. It would mean that the men would be more prepared to take ventures and, believe me, in tuna fishing especially these men are taking ventures. It would assist in extending the industry and permit the Canadian fleet to get a greater share of the fishing off the Pacific coast, because they are working under enough handicaps at the present time without others being imposed.

I should have liked to see in this bill further regulations as to holidays and so on, but I am beginning to see that in this house you go only step by step, and I am beginning to adapt myself to that spirit. However, I should like to see the minister go a little faster than he is doing at the present time.

I bring these suggestions to the minister for his consideration. From the experience I have had with labour relations in the maritime field I believe that if we went a little further it would build up a stable merchant marine personnel which could be dealt with a great deal better than is being done at the present time. The labour department is having its troubles now, and I believe a great deal of that trouble could be eliminated if conditions were improved somewhat along the lines that they have in the United States.

Mr. JAMES SINCLAIR (Vancouver North): Probably the best praise the minister could have given to the bill he is introducing has come from the very mild comment of the hon. member for Skeena (Mr. Archibald), who himself is a seaman. If he could say so many pleasant things about it, it indicates that the minister is certainly advancing in the right direction.

This bill has been described as an extremely important one, as it is to both coasts of this country. For that reason I think it is only fair that hon. members should have a little opportunity to digest the bill which we received only this afternoon, and also the full and clear statement made by the minister. Therefore I should like to adjourn the debate at this time.

On motion of Mr. Sinclair the debate was adjourned.

SUPPLY

Hon. ALPHONSE FOURNIER (Minister of Public Works) moved that the house go into committee of supply.

Motion agreed to and the house went into committee of supply, Mr. Golding in the chair.

DEPARTMENT OF TRANSPORT

463. Departmental administration, $690,670.

Hon. LIONEL CHEVRIER (Minister of Transport): Mr. Chairman, when we adjourned on Friday evening two questions were asked to which I promised to give attention. One was a series of questions by the hon. member for Saint John-Albert. I find that the answers to the questions which he asked appear on page 142 of the minutes and proceedings of the committee on railways and shipping, dated April 21, 1948. He asked this question: Suppose you did not reduce the rate to Portland, would it have affected your business, and to what extent? That information is now being compiled and I hope to be able to get it for the hon. gentleman.

The hon. member for Saskatoon City raised a number of questions having to do with traffic at Churchill. The position at Churchill is, I think, very good. The facilities which exist there at the moment are, to my mind, sufficient to cope with any business that offers. I had the good fortune of visiting Churchill during the summer months and I saw for myself what was there and what was to be expected. I need not repeat what I said at the time. I do not wish to delay my own estimates, but I think

I should say in a general way that the port facilities are as good, other things being equal, as the facilities of the national harbours board in any other port in Canada.

Then he dealt with domestic and ocean rates. Let me at once dispose of ocean rates by telling him that the Department of Transport has no jurisdiction or control over those rates. They are not fixed by the government of Canada or by the department.

He also asked what the position was with reference to freight rates on the Hudson Bay railway. In the first place, as the hon. gentleman knows, the export and import rates on grains have not been increased, and that is by far the greatest amount of traffic that moves over the railway. Then, with reference to domestic rates, there are what are known as through rates and what are known as local rates. In so far as through rates are concerned, they have been increased by the railways, and they have been increased for this reason, that if a shipment of goods is moving, say, from Vancouver to Churchill, the rate is what is known as a through rate and it is subject to the 21 per cent increase ordered by the board. If it were otherwise, then it would be the addition of two local rates, namely the rate from Vancouver to The Pas plus the rate from The Pas to Churchill. The addition of those two local rates would be far greater than the 21 per cent increase, which would result in Churchill being discriminated against to a considerable extent.

With reference to the local rates, the present tariff on the Hudson Bay railway is what is known as the prairie scale. I am referring to the Canadian National Railways. The prairie scale in western Canada has been increased by 21 per cent. If it were not increased likewise on the Hudson Bay railway there could be a charge of discrimination against the rest of Canada in favour of the Hudson Bay railway.

I wish to make this further point. The Hudson bay route association have made very strong representations in favour of placing this railway under the jurisdiction of the board of transport commissioners and, if I am correct, I believe the hon. member for Saskatoon City made similar representations before the committee on railways and shipping last year. I think I should go further and say that not only the members of that association but also the railway brotherhoods in their presentation to the government this year asked that this railway be taken out of the description "under construction" and placed under the board of transport commissioners.

[Mr. Chevrier.]

I have given instructions that that shall be done, and it will take some time before the actual transfer of jurisdiction is made.

These requests were made because the Hudson bay route association and particularly the brotherhoods thought it would be for the benefit and to the advantage of railway employees, and I believe the brotherhoods were right in that contention.

Strictly speaking, the position with reference to domestic rates is as I have stated. If the increase on the Hudson Bay railway had not been allowed to go into effect, jointly or concurrently with the increase in the rest of western Canada, a disastrous condition would have ensued for the export trade in the port of Churchill, and so far as traffic itself is concerned, which will be affected by the increase, I am informed it represents about eight per cent of the traffic that moves over the whole of the Hudson Bay railway.

Mr. KNIGHT: I thank the minister for the courteous way in which he has given the information, and for the information itself. I hope it will clear up some of the difficulties under which the people out there have been labouring.

Before I sit down, I express the hope that this year the Hudson bay port will be given a test such as it deserves. I hope sufficient grain will be in position, so that a full quota of 15,000,000 or 20,000,000 bushels can be shipped from there, in order that we may for once have a test of this port to satisfy not only the people who use it but the people throughout the country; because at the present time a good deal of the taxpayers' money is being put into that road and port, and there is no reason why it should not pay its own way.

There are other people as well as those intimately concerned who are interested in this port. The minister of co-operation in Saskatchewan, Mr. McIntosh, has been devoting a good deal of his attention to furthering the success of this road. Mr. Graham Spry, as trade agent of the Saskatchewan government in Britain is doing the same and is working up trade there. At a gathering of Canadian businessmen in London a short time ago a message was received from Sir Stafford Cripps himself, who expressed the hope that trade between Saskatchewan and British ports would be successful, and Mr. Dalgleish, president of the shipping company of the same name, is here in Canada at the moment, or is on his way here, to canvass for some of this trade which his boats may carry.

In conclusion, I believe that the attitude of the minister is favourable, and I say respectfully that I hope it will be more favourable than it once was, and that he and his government will give us an assurance of benevolent assistance in building up this trade, so that the greatest amount of lumber and wheat should go out this year, and that correspondingly greater imports of goods may be effected.

Mr. LOW: Mr. Chairman, I would not desire to take up the time of the committee but for the fact that my people in Peace River asked me to raise a question with the minister at this time in regard to the possibility of building an outlet to the coast from the Peace river country.

In the campaign of 1925 the Prime Minister promised an Edmonton audience that the Liberal party would make the Peace river country the spearhead for that party's development program. In the campaign of 1926 he told a similar audience in Edmonton that he would build the coast outlet for the Peace river country as soon as it was humanly possible. In the 1930 election campaign he again told an Edmonton audience that he would support the construction of a railway for the Peace river country within one year if the railway companies failed to build the coast outlet.

Of course the Liberal party was defeated in the campaign of 1930, and one can readily understand therefore why until 1935 the Prime Minister was not able to carry out his promise. But in this year 1948, after thirteen years of uninterrupted Liberal rule, the Peace river country is in much the same position, at least with regard to railroad transportation, as it was when the Prime Minister made his first promise back in 1925-26 and 1930. As a result, an estimated 100,000 people in the constituencies of Peace River and Cariboo—in one of the richest food-producing, lumber-producing and mineral-producing areas in all Canada, if not in North America—are carrying a transportation burden away beyond all reason. The last great undeveloped agricultural and mineral region of Canada is being greatly retarded in its development as a result of the failure of the Liberal party to keep its promises.

Moreover, it looks to me as if the railway companies of Canada have grown fat and lazy in their middle age. They have definitely lost the pioneering spirit which characterized their whole nature in the last years of the nineteenth century and the early years of the twentieth. In those earlier days they had visions of what this great country could become and they drove ahead with their construction programs, fully confident that in due course within not too many years, the population would increase in these new areas; that people would come to settle the new country; that industry would develop; and that traffic would naturally surge upward, with that development and settlement, until their facilities would be taxed to capacity. Their faith and vision were justified.

In the past Canada has been good to the railroad companies; and I am wondering now, Mr. Chairman, if the railroads realize their obligations to the people of Canada. I should like to ask this question. Where is that pioneering spirit today? When one approaches the giant companies, grown fat and flabby, as I have approached them myself during the past two or three years with this problem of a coast outlet for the Peace river country, they seek refuge in an answer like this: well, as soon as the volume of traffic justifies it, we will build the outlet. To my mind, Mr. Chairman, that is nothing but pure evasion on their part. No one knows better than do the railroads that transportation and communication facilities must in large measure precede the development of a new area rather than follow it. That has been the history of the past, and it will be the history of the future. Where would the great wide open spaces of western Canada be today if the railroads, back in the days of the late nineties or the early nineteen-hundreds, had taken the same attitude as they take toward that great northwest today, namely, that the volume of traffic to a certain level must be provided before they will build roads or extend lines.

There is an argument, of course, that there is already a railroad into the Peace river country. I grant that. There is a line that penetrates from Edmonton for about 350 miles up into that great northwest, with a terminus on each side of the great Peace river, one at Hines Creek in Alberta on the north side and one at Dawson Creek on the south side of the river. But the traffic of the country is increasing greatly and the roads simply cannot handle the volume of traffic efficiently today, and at a cost the people can pay. The situation at the present time necessitates a long back haul. That is expensive for producers of grain, livestock and lumber, especially when it is remembered that, with the outlay of a moderate sum of money, an outlet could be provided to the west that would take off some 500 miles of necessary back haul of these great loads of produce. As we well know, the rates have been recently increased

and, as a result, have become more burdensome to the people in that area.

It seems to me that the building of the coast outlet should be undertaken at once. With its great areas of fertile lands, its timbered areas, its great coal fields—about which many hon. members know—which lie between Hudson Hope and Finlay Forks, its position as the gateway to the Northwest Territories where great mineral deposits have already been discovered and partly developed, the Peace river country could well support a population, I would judge, of from 300,000 to 400,000 people. Lately there has been discovered in the area sufficient waterpower to service a population of that number; that is, a population of between 300,000 and 400,000 people. This waterpower awaits development.

It is essential in the interests of a strong Canada that the great northwest be developed and populated at the earliest possible time. Twenty-three years ago the Prime Minister indicated that he realized how necessary such development was at that time. How much more essential is it now? I need not dwell at any great length on the world's need for food materials which that section of the country can produce, the minerals that the world needs which that area can produce, and the lumber which that area can produce in abundance. Nor do I need to take the time to describe the importance of the northwest from the point of view of the security of Canada; that is, from the military point of view.

I just want to say this. This great inland empire cannot play its part in building a strong Canada unless it is well provided with railway transportation. It seems to me that the logical thing to do would be for the government to adopt a program covering a period of years—let us say five years; you might call it their five-year northwest development program—that would result in providing a continuous railway line from Prince Albert, Saskatchewan, to Meadow Lake by way of Lac la Biche, through the Peace river country and on to the coast. Less than 500 miles of new construction would be required to provide such a northern route that would give a continuous and clear outlet from Prince Albert, Saskatchewan, to the Pacific coast. Such a road would serve northern Saskatchewan, the whole of the Athabaska country represented in this house by the hon. member for Athabaska (Mr. Dechene), the Peace river, the Cariboo and Skeena; it would help to develop a great empire and would contribute materially to the development of the coast ports.

Such a program could be taken in steps. It seems to me one step should be to push a road through from Hines Creek to the coal fields at Hudson Hope, not a very great distance, making available the fine coal that can be mined there easily to all of the people in that northern area. Today coal is a problem for folks all through the northwest, because it costs so much money to haul it in from Edmonton over many miles, at a high rate.

The second step could be to continue the road from Meadow Lake, Saskatchewan to lac la Biche and Smith, linking up with what is known as the Northern Alberta Railway that passes through from Edmonton by way of Athabaska and Smith and on to Peace river proper.

The third step might be the extension of a line from Dawson Creek on the south side of the river, and/or from Hines Creek on the north side of the river to the coast. Whichever route is found to be more necessary and feasible could be developed first. I am not going to quarrel about that at this stage.

A fourth necessary step, it seems to me, would be a line from Grimshaw north into the Slave lake area in the Northwest Territories for bringing out the precious metals already being mined in quantity in the Yellowknife area and the district to the south.

In conclusion, let me say to the committee that I am sure the Prime Minister does not make promises lightly; and since he is retiring soon, it seems to me that he will want to make good the promises he has made already in regard to the construction of this outlet. It seems to me that he could leave no greater monument to his years of service than such an outlet from the Peace river district to the coast. The Minister of Transport, too, ought to feel that it is his responsibility to support the Prime Minister in making good his promises before his retirement. So I urge the minister to get on his fighting clothes and talk to the railroads straight from the shoulder. Let them understand that the government of the people of Canada expects them to get this job done without further delay.

Mr. CHEVRIER: Probably the hon. member would expect me to say a word in reply to his remarks. I can assure him at once that neither the government nor the Department of Transport has lost interest in the Peace river country, or in the Pacific Great Eastern and its extension into the area referred to by my hon. friend. I should like to remind him that this whole subject matter was debated at some length in 1946, I believe it was, when the hon. member for Cariboo proposed a resolution in the house. I still have in mind the committee which was set up by the premier of British Columbia. As my hon. friend knows, when

that committee was appointed the premier invited the railways, the Department of Transport and the province of Alberta to send representatives. I believe Alberta was represented.

Mr. LOW: That is right.

Mr. CHEVRIER: The conclusions reached by this committee are quite interesting. For instance, it was felt that until the railway had a sufficient tonnage of goods to be moved, financially it would not be advisable to build the road. Then the question of bringing people into the country was given careful attention, as to whether it would be advisable to build the railway before bringing in a greater population or whether the population should be brought in first and the railway built afterwards. A great deal of care, consideration and study was given by the committee, which arrived at five conclusions which I should like to place on *Hansard*:

1. Keep the present Pacific Great Eastern railway where it is for the benefit of the country it serves. Co-ordinate bus, truck and railway services now.
2. With the present amount of traffic in sight extension will not improve the financial balance sheet of the Pacific Great Eastern railway. A million tons a year of available railway freight would alter this conclusion.
3. Increase the rate of settlement of the country and the rate of development of the natural resources.
4. When justified build to Hudson Hope, a future junction of lines beyond north and south of Peace river. The southern connection with Vancouver should be altered as business warrants.
5. Complete and revise the railway location surveys before construction.

I do not want to deal with each of those heads again today, having done so at considerable length during the previous debate. However, I should not like the hon. gentleman to get the impression that the interest is not being shown in this great section of the country that should be shown. Since the publication of this report, the railways have been approached by the authorities of British Columbia. They have met in conference, but of course no conclusion has as yet been arrived at as to whether or not this road should be built. Many things must be taken into consideration as far as the two railways are concerned before that road can be built. I dealt with the attitude of the railways in reference to new lines. The railways have certain reservations. They feel that, unless a line can be made to pay from the standpoint of finances, some care should be taken. If it were a colonization project, then they would be more likely to ask the government for assistance.

I understand that in the far northern part of this country there are rich deposits of coal and, I am informed, of practically every other valuable mineral in the world. These are to be found in the area around Hudson Hope, Finlay Forks, Fort St. John and Slave lake. I am informed that there is vast potential wealth there, and the province of British Columbia has been giving some study to the matter, probing into the earth to make sure this wealth is, in fact, there. They go so far as to say that the coal deposits in that area are as good as, if not better than, those existing in the United States. If that be so, then I am anxious to have them brought forward. The last information I had on the subject from the British Columbia authorities was to the effect that the information would be forthcoming soon, and when it is I can assure the hon. gentleman that the project, which is important not only to his part of the country but to the whole of Canada, will be given careful consideration.

Mr. IRVINE: I do not think there is much need for me to go over the whole case for the Peace river outlet, though I am glad to have this opportunity to remind the minister once more that we expect some action, and expect it very soon.

For a great many years men who have been representing both the Peace river and the Cariboo have brought this matter to the attention of parliament. On those occasions they have gone into the natural wealth of the country. They have also gone into the question of the needs of the pioneering people who went into this vast territory and proved that wealth was there. They have also shown that a railroad could be of very great service not only to the communities that have been established but to the whole of Canada.

I do not think there is anything new to be said on the question. The whole point is, what does the government intend to do about it? The minister has been very courteous and kind in his reply, as he always is, but I should like to get something a little more definite than so far he has been able to give. If the minister is listening I should like to ask to whom these recommendations he quoted were made. Who are supposed to pay attention to those five or six points?

Then I should like to know whether the minister has any information as to the intention of the government with respect to the P.G.E. and the extension of that line into the Peace river country. Has it given up its idea of building a road? Evidently it has failed in getting both the large railways of Canada to take this up as a joint project

I believe at one time it had in mind having a joint project undertaken by the provincial, and federal governments, the Canadian National, Canadian Pacific and Pacific Great Eastern—which looked like a pot-pourri to me, and very difficult to handle. Under those circumstances, no one would be responsible for building the line—or for running it afterwards, for that matter.

I do not believe that is a wise way to go at it, and I suggest that this government will have to undertake the job. I am asking that the minister go a little further. He admits that the wealth is there. He knows that already a great many people have settled there and have done a great deal of pioneering. He knows, as the hon. member for Peace River has just pointed out, that for many years these people have been paying very high freight rates, so high, in fact, as to make it almost impossible for them to carry on and make a living. He knows, too, that the opening up of that line would mean that a great many people would wish to move in from many parts of the world.

Our immigration policy is going to be stimulated; immigrants will be looking for places of settlement. There is no end of opportunity in that vast territory comprising the country referred to by the hon. member for Peace River. The minister knows all that. Added to that, he has the definite promise made by the Prime Minister, to which reference has already been made. And of course the Prime Minister is not the only one who has made those promises. From time to time all men who have been or who wanted to be prime ministers have made that promise. Seldom, however, has our present Prime Minister made a promise as definite as this one. I have read many of his promises, and there has always been some little safeguarding back door through which he could slip out, if necessary. But here is one promise to which there was no back door. It was a specific and definite promise that his government would build the line within one year. The point is that he made the unconditional promise that if it were not built by someone else it would definitely be built by his government. Also before that he made the promise, and there has been nothing to prevent his carrying it out. He said this would be done.

The Prime Minister is coming to the end of a notable political career. It would be a shame if perhaps the only promise he ever made without a back door should not be kept. I hope the minister will bring these matters to the Prime Minister's attention. If he does so, I feel sure something will be done fairly quickly. I would ask the minister to go a little further, to give us a little more hope than he has thus far, and to tell us whether it is the intention of his department and of this government to build the line; or are they still expecting somebody else to do it?

Mr. CHEVRIER: There are two questions to which I should like to reply. The report of the committee on resources and railways, in 1945, was made to the Premier of British Columbia. The hon. member's second question was as to the intention of the government of British Columbia. I would have to direct my hon. friend to the premier of that province, if he wishes to have a statement of their intentions.

In my reply to the hon. member for Peace River I had intended to say that the government of Canada contributed substantially to the construction of the highway from Grimshaw to Hay River in that area. I do not remember offhand what the contribution was, but I believe it was more than 50 per cent.

Mr. LOW: It was 75 per cent.

Mr. CHEVRIER: The hon. member says it was 75 per cent, and I am sure he knows.

Mr. IRVINE: Does the minister recall that in 1946 when the debate on the Peace river outlet took place, he did suggest that the government might consider the extension of the line from Hines Creek through Hudson Hope to Finlay Forks? Has he considered the matter since that time, and would he be prepared now to commit the government to going that far at least? As I pointed out at that time, there is a large deposit of excellent coal in that area. These people are working under extraordinary difficulties to develop those natural resources. Even if he did not do any more than that, he could begin to develop that great industry up there, and in addition the line would give good service to a vast and well-settled territory.

There is a new opening at that point for our returned men. The Indian reserve near Fort St. John has been taken over by the department and made available for the settlement of our returned men. It would be a pity if they had to haul their supplies sixty or seventy miles even to reach a railway, let alone a market. The branch running up from Hines Creek would serve a large community and at the same time would form part of the road which some day will have to be built to the coast.

Mr. POULIOT: Mr. Chairman—

Mr. IRVINE: I should like to have an answer.

Mr. CHEVRIER: The only thing I can add is that any undertaking given, when the resolution was before the house in 1946, was one to consider the project as a whole. What I did say was that it might well be necessary to consider the co-ordination of highway and railway facilities, and that certain railway economists were of the opinion that that was the the manner in which the extension should take place. But, so far as making any specific promise—

Mr. IRVINE: I did not say that.

Mr. CHEVRIER: I was very careful on that point. I would not like to commit the government; in fact, I would have no authority to do so, without bringing it to the attention of my colleagues. But, in view of the statement I made in answer to what was said by the hon. member for Peace River, until such time as a further report is forthcoming, in my view any consideration should be withheld.

Mr. POULIOT: I will gladly support what the hon. member for Cariboo has said, provided that he supports what I am going to say.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. POULIOT: Mr. Chairman, when the committee rose I was going to speak of the Temiscouata railway. It is an old railway built by English capital sixty odd years ago. It is the connecting link between the Transcontinental railway and the Intercolonial railway, both now a part of the Canadian National Railways, and connecting also with the Canadian Pacific railway at Edmundston, New Brunswick. The Temiscouata railway runs from Rivière du Loup, on the south shore of the St. Lawrence river, 120 miles below Quebec, to Edmundston, New Brunswick, and then west to Connors, New Brunswick, just opposite to Fort Kent, Maine. That railway has been very active for some time, but the line needs to be reconstructed. There are great opportunities for it. In front of Edmundston, just across the Saint John river there is Madawaska, Maine, an important lumber centre. The Temiscouata railway passes through the most beautiful country in eastern Canada. Its geological formation is the same as that of the picturesque tourist country to the north of Montreal. There are three hundred lakes in my county, good hotels, and it is a paradise for tourists. The railway could help to develop the tourist trade if the necessary improvements were made and would also help to improve trade conditions in our part of the country.

I sympathize with my hon. friends from the west and other parts of Canada when they speak on behalf of their own constituencies. That is perfectly legitimate. Canada is a young and growing country and should have the assistance of the government in these undertakings. What would have happened to the west if the Canadian Pacific had not been built some years ago with the assistance of the government? Some people complained at the time that the government was giving too much to the Canadian Pacific. But the Canadian Pacific served a national purpose in opening up a new field to Canadian endeavour. It is the same with all railways and with all steamship lines. My regret is that Canadians do not have the transportation facilities which they have a right to expect in order to visit and trade with one another. That is all the more necessary in a country of the tremendous size of Canada. Money should be spent in improving all our communications. Money spent in improving transportation facilities is always money well spent.

Mr. HACKETT: Hudson Bay railway, for instance.

Mr. POULIOT: The Hudson Bay railway has been forgotten for a time. Perhaps it was a great mistake; I am not in a position to say whether it was or not. But it was built to serve a very good purpose, and it was precisely because there was no co-operation between the steamship companies and the Canadian National Railways that the port of Churchill has not been as active as it should have been. The Hudson Bay railway is part of the great communications system of Canada. I will support the minister 100 per cent in all that he does in providing for transportation. The Temiscouata railway is one instance; the Peace River railway is another. We should see eye to eye in these matters. What difference is there between developing the Peace River railway and the Temiscouata railway. That is why I said to the hon. member for Cariboo that I was ready to support his contention, which is the same as mine, the only difference being that his railway would run through new country, while mine serves a district which has been settled for some time but in which there is some new settlement.

There are many opportunities and improvements that come with the building and maintenance of a railway. We are living in changing times; conditions now may be different from what they were some time ago. I will tell the minister what is my ambition for my part of the country, which has been forgotten

for a long time. I do not complain about the minister, but I complain to him. Last year an imposing delegation, including many mayors, came from Temiscouata to interview the minister. He received them well and gave their representations favourable consideration, but some of their recommendations have not yet been carried out.

I hope that the minister will in due course reconsider the question of maintaining and improving the Temiscouata railway so that the curves may be corrected and the line made safer. The road will then serve its purpose of being a connecting link between Maine, Madawaska, and the St. Lawrence river. There is a fine outlet at Rivière du Loup. I appreciate the fact that the Minister of Public Works, who last year inspected the wharf at Rivière du Loup, has seen fit to have it reconstructed. It is an important piece of work that is being done there now. It is being well done. I hope that the Temiscouata railway will also be put in good shape and that we shall have an airport at Cacouna on the new route that is starting its service between Montreal and the maritimes on Thursday, May 20, of this week.

The great difficulty in far eastern Canada is that it is at too great a distance from the great centres. My district is three hundred miles east of the city of Montreal and one hundred and twenty miles east of the city of Quebec. The ambition of everyone now is to shorten distance by adopting the easiest means of communication. We cannot expect lumber to be carried by aeroplane. It has to be carried by train and some improvements should be made in that means of transportation.

Everyone who looks to the future looks for improvements in air transport. Trans-Canada Air Lines, which comes under the minister, has done exceedingly well. Last year in the committee I did not fail to express admiration for the present Minister of Trade and Commerce who has given such an impulse to the development of the Trans-Canada Air Lines, and rightly so, because although it would have been considered unbelievable some years ago, T.C.A. is now part of our national life. Our colleagues, Mr. Chairman, realize it much better than anybody else because, owing to T.C.A., instead of spending a week to go home to the west, they can make that trip in two nights quite comfortably, and it gives them an opportunity to stay longer at home.

How is it that the businessman who is kept at his office, who cannot leave for long, can now take the plane and go anywhere in Canada within a day and come back the next day? It is because of the magnificent service

[Mr. Pouliot.]

of T.C.A. It is not only for central Canada; it is not only for the western provinces, but we in eastern Canada should also have the advantage of the use of T.C.A. That is why a survey has been made of the landing facilities around Rivière du Loup, and I hope that in the near future we shall have an airport in our district. I will tell the minister how I see it. In the old days I remember English ocean liners, English steamships, weighing anchor right in front of Rivière du Loup. Some of them were loaded with lumber. Afterwards trade changed for a time and lumber has been going south to the United States. Why should we not have harbour facilities at Rivière du Loup as we had in the old times? What would be the importance of a harbour at Rivière du Loup? In the not too distant future I hope that there will be more harbour facilities. The old wharf is being rebuilt this year. In the near future we shall have a real harbour there, a harbour where ocean steamships may dock at the wharf.

We must have an airport at Rivière du Loup later, since the matter has already been considered by the Department of Transport. Coming back to what I said in the first place, I also hope that the minister will reconsider the question of improving the maintenance of the Temiscouata railway between Rivière du Loup, Edmundston, New Brunswick, and Connors, New Brunswick. If that is done I invite you, sir, and all my colleagues to come to Rivière du Loup by car, by train, by air and by sea, not by foot.

Mr. HARRIS (Danforth): While the minister is thinking over our landing by air in Temiscouata and figuring out the answer, perhaps he will permit one of the members of the house to say a word or two with regard to the part of the country whence he comes. On Friday evening at four minutes of eleven I did not feel that I could state my case in the short time before eleven o'clock, and since then the hon. member for Temiscouata has crossed my trail. Before he gets an answer from the minister to his question of moment in the affairs of Canada, perhaps he will permit me to say a word or two with regard to what I have on my mind.

Many years ago it was a great pleasure for me to introduce to the prime minister and the members of the cabinet of that day and generation a deputation from the city of Toronto, a trainload, representing the board of trade, the harbour commissioners, the members of the city council, railway officials and what not, asking this honourable assembly to give consideration to the grade separation so necessary in the great city of Toronto. When I

looked over their plans some twenty-five years ago I found that they had asked for the separation of grade from the Don river through to the Humber. I introduce this subject of grade separation now, Mr. Chairman, for the reason that the Minister of Transport evidently thought it might be a fit and proper place in which to say a word or two, and inasmuch as on Friday evening last in reply to the hon. member for Broadview the minister outlined what proportion of costs of grade separation and elimination of grade crossings had been given to the province of Ontario during his time as minister of that portfolio. Before he answers I immediately say through you, sir, to the minister that during the last forty years the city of Toronto has been grateful for the assistance given us in the elimination of level crossings, and for the grade separation plan, which was completed some twenty or twenty-five years ago from the Don river to the Humber. We express our appreciation to the House of Commons for that.

Those of us living in the suburban areas then felt that we were a little outside the orbit of things that were going on, but we realized that grade separation had to go on in the centre of the city. Little we thought a quarter of a century ago how fast we would grow to the north, to the east and to the west. We could not grow fast to the south because the lake shut us off. My plea tonight, sir, is after two decades have passed, for some consideration for the areas which were then suburban but which are now part of the corporation of the city of Toronto. At that time 100,000 people lived east of the Don river; today a quarter of a million live there. We have three or four extremely dangerous level crossings in the eastern part of the city of Toronto. Unfortunately for me, I have one of them in my constituency known as Woodbine avenue level crossing. Three thousand people, vehicles and what-not cross that level crossing each and every day. The only access children living south of that crossing have to their technical school and high school of commerce is over that particular level crossing. It is a difficult crossing to do much with. It is an expensive crossing under which to put a subway; nevertheless the powers that be, municipal and otherwise, have demanded that some consideration be given to it.

In 1912 the first order was given for some protection at that particular crossing. I remember as well as though it were yesterday in 1930 rising in my place here and before the board of railway commissioners at that time, now the board of transport commissioners, making representations on behalf of the same crossing. I remember learning many long years ago, almost half a century ago, that the husband of a woman who was my wet nurse had been killed at that crossing fifty years ago. Tragedy after tragedy has happened on that particular crossing. It brought back to my mind a telegram which I received, dated January 29, 1948, from the local alderman William Collings:

> Serious accident Woodbine level crossing Bob Buckham seriously injured now in east general hospital. Urge pressing board of railway commissioners for okay on city's application for elimination. Will mail all correspondence city has had with commissioners and railways to date.
>
> Alderman W. H. Collings.

That is our senior alderman in the ward which I have the honour to represent in this house. I do not wish to bore the committee. This is a local matter and I rarely occupy the time of the house urging such things. There seems, however, to be no other way of bringing the matter properly before the house and putting it on the record.

On behalf of my people, I wish to say that we asked for elimination in 1912 and we got three watchmen in 1921—three watchmen on an eight-hour service. Order No. 31078 of the Board of Railway Commissioners for Canada, dated June 2, 1921, referred to the reduction of the speed limit to ten miles an hour. Trains crossing at that level were required to travel at that rate. Now, Mr. Chairman, we must be sensible, and we know that an express train cannot slow down to ten miles an hour, even though there is an order to that effect.

In 1930 a subway was ordered at the same crossing, but there were, it would seem, difficulties in the way. In a letter from the late Mr. James Somers, a great public servant and clerk of the city of Toronto, whom we all honour, this gentleman, writing under date February 18, 1939, stated:

> You will recollect correspondence which you had on the subject in 1931 and 1932 with the then mayor (Mayor Stewart). . . . Our files indicate that you had an appointment with the minister of railways on April 19, 1932, on this matter.

Then he states that in 1935 the late commissioner Harris discussed the matter with representatives of the Canadian National Railways and a report was submitted in 1938 on the subject. That was in 1938, but when the war came along in 1939 the matter was again shelved, and the city council approved the request made to the federal authorities to eliminate this level crossing. The application was not pressed, however, because we were too much war-minded in 1939 to think about level crossings. Therefore, owing to the intervention of the second great war, the application was not proceeded with.

Formal application was made by the city solicitor on November 25, 1947, to the board of transport commissioners for an order to direct the Canadian National Railways to construct a subway at Woodbine avenue and apportion the costs. The city's application reads in part:

> Woodbine avenue is a public highway running north and south in the eastern section of the city of Toronto and is a thoroughfare that carries a very great vehicular traffic that is continually increasing. The level crossing at Woodbine avenue is now protected by gates which greatly impede the movement of traffic.

The city solicitor has been furnished with a copy of the letter dated December 22, 1947, addressed to the secretary of the board of transport commissioners by the assistant general solicitor for the Canadian National Railways.

Through you, Mr. Chairman, I wish to impress upon the minister the fact that there is a tremendous amount of traffic in that area, east and west, north and south, embracing a population of a quarter of a million people. We in our community feel disposed to press this matter until it is brought to a satisfactory conclusion. As long ago as 1918, which is thirty years ago, it was my high privilege to be president of the Danforth businessmen's association and we asked for action. The war was barely over and times were difficult, but we made representations until the second great war broke out, and then we sat aside because we had that great tragic event facing us. Now, however, we are disposed to press for this particular grade crossing elimination.

We have been fair all through the picture for three decades, but as a member of this house I do not intend to sit idly by, even if there is a shortage of steel for work of this kind. I do not purpose to listen to the plaint of even the Minister of Trade and Commerce, now charged with the responsibility of conserving Canadian dollars in connection with steel requirements. I do not purpose to wait any longer. On behalf of a quarter of a million people who use this particular subway, I am going to ask consideration from this honourable assembly.

I do not intend to sit quietly by, much as I admire the manner in which the Minister of Transport conducts his department, and listen to statements that Ontario has had more than its fair share of crossing eliminations or more than its fair share of treatment from the railways. It is quite true, as the minister said on Friday last, that the central region of the Canadian National Railways has done such and so, but two sentences he used should have been coupled together. He should have said that the central region receives a great deal of traffic from that same area. I am glad he made that statement, for it moderates the first half of his sentence.

Let me say to the minister, through you, Mr. Chairman: Do not divide us up into sections in Canada when it comes to expenditures. I ask the minister through you, Mr. Chairman, to chastize any member from the central region of Ontario or the city of Toronto who complains at any time about any expenditure for fisheries, any expenditure in connection with the salmon fisheries of British Columbia, or any expenditure under an appropriation of $41,672,000 for agriculture, because we have not a farm within the community which I am now discussing.

I have not objected to any of the expenditures that I have indicated, and I am thinking of the other members of this committee who tonight will rise in their places and vote half a million dollars to eliminate a crossing which constitutes a hazard to a quarter of a million people.

Have I, sir, at any time ever refused appropriations for dried-out areas or for flooded districts in western Canada? No. We are all a part of the whole. Have I at any time refused anything to the Pacific salmon industry, of which I admit I do not know very much? Have I refused any assistance to the miners for whom the hon. member for Cape Breton South pleads? Let us be men, men of bigger calibre than that. And so I make this request on behalf of a quarter of a million people. I say to the minister: Now that we are in committee, do not put me in the awkward position of having to rise again and assure the house that the amount of money needed for this level crossing elimination must be expended. I am asking the minister to pay attention to what I say and, in reply, not to refuse me. I am asking him to think in broad terms, and of the millions we voted for many other parts of Canada, without let or hindrance. I sometimes wonder why, but more often say it was to carry on Canada as one great country and not one little part of the central region of the Canadian National Railways.

Mr. CHEVRIER: Before I deal with the request made by the hon. member for Danforth, perhaps I might be allowed to say a word in connection with the Temiscouata railway matter which was raised by the hon. member for Temiscouata. As the hon. gentleman said, the Temiscouata railway is one which has been operating under difficult circumstances. For-

tunately it is managed by a man who has had a great deal of experience and who deserves a tremendous amount of commendation for the way in which he has operated the railway under the circumstances I mentioned a moment ago.

The railway connects the town of Riviere du Loup with Edmundston, and then goes on to a place called Connors. Because of the difficulties in which it found itself, and as a result of representations which were made to the department last year, I set up a committee to study the various points which were brought to the attention of the department. I think that committee did excellent work because, as a result of it, while it came to the conclusion that it would not be profitable from the standpoint of the Canadian National Railways at least to purchase the railway, it was still felt that the railway had been doing such excellent work that some assistance should be given to it. Because of the recommendations made by the committee not only was it found possible to increase the wages of certain of the employees who had been working under difficult circumstances, but it was also provided that a greater amount of revenue would be given to the Temiscouata railway from both the Canadian National and the Canadian Pacific railways. Free rental of equipment was also provided. While it was not possible to grant all the requests which were made by the delegation that called on the department, I still think a step in the right direction was taken. I can assure the hon. gentleman that his remarks will be considered and brought to the attention of those who are responsible for giving additional traffic to the Temicouata railway.

The hon. member for Danforth dealt with the crossing at Woodbine. Let me say to him immediately, having regard to his reference to what I had to say on Friday evening, that it was far from my mind to attempt to show that one province was receiving from the grade crossing fund far more than another. I was simply replying to his colleague, the hon. member for Broadview, who made the statement that the province of Ontario received little—in fact, at one stage he said it received practically nothing—from the Department of Transport. I attempted to reply to that. I am glad the hon. member for Danforth agrees with me in the statement which I made.

He dealt with a difficult position which existed at Woodbine. Not only does that position exist there, but there are five other level crossings in the city of Toronto which deserve careful attention. The application with regard to the Woodbine improvement is now before the board of transport commissioners. As the hon. gentleman knows, before a project can be approved, representations must be heard from those who make the application, from the railways which are interested in it and which also, in due course, will be required to pay a substantial amount of the cost of the project if it is approved. Evidence must also be given by the engineers who give consideration to the project. My hon. friend should know that the board of transport commissioners cannot grant the request for that railway crossing without a hearing, and without giving the application the attention it deserves.

Mr. HARRIS (Danforth): The application is filed, of course.

Mr. CHEVRIER: Yes; it is now before the board of transport commissioners. If it is approved, then a substantial sum of money—40 per cent of the cost, not in any event to exceed $100,000—will be paid out of the grade crossing fund. I presume that the remainder of the cost will be divided, in accordance with the usual custom, between the railways and the municipality concerned. My hon. friend will be pleased to know that the board of transport commissioners is proceeding to the city of Toronto early next month to hear the representations in connection with the project. I hope my hon. friend will obtain his request.

Mr. HARRIS (Danforth): If I might make an interpolation here, may I say that they have been there and have made a survey of this particular project.

Mr. CHEVRIER: They are now proceeding to have a formal hearing and listen to representations, after which they will make a decision.

Mr. POULIOT: I thank the minister for what he said a moment ago.

Mr. BRYCE: I want to take a few minutes to ask for the minister's consideration of something pertaining to my constituency and also to all the southern part of Manitoba. As no doubt the minister is well aware, discussions have taken place in the west regarding the extension of the Gypsumville line, up through Grand Rapids to Wekusko which is mile 81 on the Hudson Bay railway.

Mr. CHEVRIER: What is the name of the railway, please? I am sorry that I did not catch it.

Mr. BRYCE: The Canadian National, from Gypsumville right up through Grand Rapids to mile 81 on the Hudson Bay railway. Building these 190 miles of railroad would mean a saving of 250 rail miles on the route to Port Churchill. The extension needed would be 190 miles of new railroad. From a military

defence viewpoint, as well as providing a great commercial saving, this interlake cut-off should receive serious and favourable consideration. It would also open up that country which is practically undeveloped. It is a good timber country and is in many places good agricultural country. It would be a good place for settlers if there were a railroad through it. I feel quite sure that the Manitoba government would support such an extension, although I have never discussed this matter with any responsible minister of that government. I hope to do so, however, at the first opportunity I have.

I should like the Minister of National Defence to give this extension serious consideration also, from a national defence point of view, and how it would save 250 miles of rail distance between Winnipeg and the port of Churchill. With a shorter haul to Churchill, it will put the port in a much more favourable position for the shipment of live cattle to Britain. With the elimination of this 250 mile haul, it would eliminate practically two divisions in the railroad. Many savings could be made on different kinds of freight. In this connection, livestock could be shipped more cheaply. There would be a shorter haul and there would be less expense, as the cattle would be eighteen to twenty hours less on the road and would be unloaded fewer times for water and feed. Food products going to the port by refrigerator cars would make a saving also, as they would not have to be re-iced as often as on the longer hauls. All general merchandise for export manufactured in and around Winnipeg would benefit from this short cut to the port of Churchill. Winnipeg is growing in population and developing in industry, and is looking for her own seaport for an outlet to the markets of the world.

The argument has been put forward that the port of Churchill is open for only ninety-eight days in the year. Even if that is so, we should take advantage of that time, and with the modern devices now available no doubt that period could be extended.

I do not want to take up too much time on this matter, but wish only to ask the minister's consideration. I want him to look into it and really consider it. It looks good to me, and this short cut to Churchill certainly would be to the benefit of Manitoba as a whole. I could make quite a long speech on this subject, but I do not want to do that at this time; I only want to bring the matter to the attention of the minister so that he and his officers may look into it. I should like to read the resolution passed at the annual convention of the Hudson bay route association held at Regina, Saskatchewan, on March 17, 1948:

Resolution: Hudson Bay railway short cut off to Winnipeg through inter-lake region in Manitoba.

Whereas it is considered to be in the best interest of the Hudson bay route and southern Manitoba and central United States points to shorten the present rail mileage between Port Churchill and the city of Winnipeg by a reduction of the present distance by about 225 miles through the construction of a short rail link of some 190 miles known as Manitoba inter-lake region cut-off located between lake Winnipeg on the east and lake Manitoba, lake Dauphin and lake Winnipegosis on the west and commencing at Wekusko, mile 81, on the Hudson Bay railway, to connect with the present C.N.R. rail terminus at Gypsumville, Manitoba.

Therefore be it resolved that this association do hereby urge upon the dominion government and the C.N.R. the immediate necessity of constructing this short rail link between Wekusko on the Hudson Bay railway and Gypsumville on the Canadian National Railway at the earliest possible date.

I cannot add anything to this resolution, other than to ask the minister's serious consideration.

Mr. CHEVRIER: I shall be glad to bring the matter to the attention of the officers of the Canadian National Railways.

Mr. FAIR: Again this evening I should like to bring to the attention of the minister the matter of the Bodo and Airways branch line. This question has been dealt with in detail on many other occasions by the hon. member for Acadia and myself, and for that reason I do not intend to go into it in detail tonight. As hon. members are well aware, some years ago the grade was constructed, and is still standing there. This line runs through an agricultural district, and production could be greatly increased if the steel were laid on that grade. I am sure the minister has had many representations to this effect from boards of trade and farmer organizations in that district, and I hope something may be done in the very near future to complete this line. As it is now, freight and passengers are hauled out to a certain point to the east, and again to another point to the west, but in between they have to get along as best they can.

In the northern part of my territory are two other lines, Heinsburg-Frenchman's Butte and the Bonnyville line, about which I have no doubt the hon. member for The Battlefords and the hon. member for North Battleford will speak. Having joined with them on other occasions, however, I should like again to impress upon the minister the importance of

completing those two lines of rail for the development of what may be called this north country and for the greater production of agricultural commodities which are badly needed at the present time.

Mr. ROSS (St. Paul's): I have a matter I should like to bring to the attention of the minister, about which he probably knows something, though I am not sure of what either he or his department can do about it. I am referring to the smoke nuisance in the city of Toronto and in other cities as well.

I do not know whether the minister realizes the quantity of smoke that may be seen at the entrance to Toronto but I should like to know if there is anything that can be done about it. Not long ago I got off the train in Toronto and walked from the union station over toward Bay street in order to get a car. A short time before there had been a fresh fall of snow, but the snow was no longer white; it was black. This smoke question is a serious matter as far as the health of the citizens of Toronto is concerned. When you come there either from the east or the west you see a pall of smoke hanging over the railway yards. If you come in from the northwest you also encounter this smoke in the vicinity of the railway yards. I know it is not altogether the fault of the railways. The city has its inspectors going around trying to control the amount of smoke in the air, but to my mind very little has been done by the railways along that line.

I do not know what can be done about it, but the situation is serious and is getting more serious all the time. With the growth of the city, the growth of the yards, and the amount of traffic moving, this matter is becoming a real problem. When you approach from the south you can notice the smoke hanging over the city, and the situation is becoming worse in northwest and northeast Toronto. So I was wondering if the department was doing anything to abate that nuisance.

Of course in a city like Toronto the answer is to electrify these railways, but that would be a tremendous expense right now. However, it seems to me something could be done about the matter. Perhaps the minister has something in mind; perhaps the board of transport commissioners have something to suggest. I know the railways have been warned by the city that they must obey the smoke bylaw, but as you know it is impossible for the railways to do as a factory would do in this connection.

This is something that cannot go on, and be neglected, because this smoke nuisance has a serious effect. The other day I noticed in the newspapers that smoke is suspected of having some bearing on cancer of the lungs, and certainly it has a great deal to do with bronchial diseases of one kind and another. The health of our citizens must be considered, and I am bringing this matter to the attention of the minister, so that he may tell me whether anything is being done to correct the situation.

Mr. CHEVRIER: The hon. member has raised a question which, I am sure, is of extreme importance to the citizens of Toronto and those of all other large centres affected by railway traffic, and I want to thank him for the very moderate way in which he has dealt with the matter. The complete answer, of course, is electrification of the railways, but that is a matter of extreme cost. Each year, however, the railways—and I refer now particularly to the Canadian National, though I know this applies to some extent to the Canadian Pacific as well—are spending considerable sums of money on new equipment. No doubt the hon. gentleman is acquainted with the fact that a trial run was made from Toronto to Montreal with diesel equipment, and it is the intention to add to the present number of diesels as time goes on. That will not meet the problem immediately, nor will it meet the problem completely. So that in view of the serious position which exists there, I have asked the board of transport commissioners to set up a committee to deal with the problem of smoke nuisance in congested areas. This was done about two months ago.

What will come out of it I do not know. They are giving consideration to a new mechanical device which can be applied to round-houses, thereby eliminating in part the smoke coming from those round-houses. Again in Toronto the Canadian Pacific Railway Company have what is known as pre-steaming. It does not eliminate the smoke altogether, but it does a great deal toward lessening the nuisance.

I can assure the hon. member that the Department of Transport is wide awake to this extremely acute and important problem; and the committee which has been given the power to study and make a report will, I hope, bring in something of a satisfactory nature.

Mr. ROSS (St. Paul's): I thank the minister for saying that I was moderate in my demands. I must say I do not feel moderate when I speak about this matter, because it is a very serious one.

Mr. CHEVRIER: I did not say that, as the hon. member might start all over again.

Mr. MOORE: I support the representations made by the hon. member for Selkirk in connection with the construction of a railway from Gypsumville, Manitoba, to Wekusko on the Hudson Bay railway. I do not intend to make further comments on that matter. I think it should be said, however, that before the war a trial shipment of cattle was made from Churchill to Great Britain. The British importers reported that those cattle reached British ports in better condition than similar shipments from maritime ports. I suggest that is some proof that use could be made of the route in the future in connection with the shipment of cattle.

I should like to point out one further fact in connection with trade through Churchill in the near future. The Hudson bay route association has done a great deal toward advocating trade between western Canada and Great Britain through the Churchill route. This association has recently investigated the possibility of importing British coal from Wales. The last information I received on the subject was to the effect that British coal could be landed at Churchill for $19.65 a ton. The shipping rate from Churchill to Le Pas is approximately twenty cents per 100 pounds, or $4 a ton. I should like to know if it would be possible to get the carload rate from Churchill to Le Pas, since the coal being brought in in ship would be arriving in large quantities and undoubtedly would move out of Churchill by trainload. It might therefore be possible to get a flat rate from Churchill to Le Pas which would fall somewhat short of the present rate of twenty cents per 100 pounds.

I would ask the minister to investigate the possibility of developing this trade on a two-way basis, since we would be shipping grain and other products to Great Britain.

Another matter which should be considered in connection with the development of the coal trade would be the possibility of importing coal to western Canada from the maritime provinces, particularly from the Sydney area. I understand that there are fourteen large coal mines on Cape Breton island, and it ought to be possible to develop the coal trade between Nova Scotia and western Canada by way of the Churchill route.

It is quite true, of course, that there would be some point in central Manitoba and Saskatchewan where coal from Alberta could compete; and south of that, shipments from eastern Canada, because of the transportation costs, would not be economically sound.

I have already dealt with the possibility of developing the grain trade with the maritime provinces in connection with the building up

of the livestock industry. That was in another debate, and I do not intend to cover it again this evening.

One other point about which the people in Churchill particularly, and those in northern Manitoba and northern Saskatchewan, are concerned is the possibility of extending the shipping season over the Hudson bay route. At the present time it is stated that ships can go in and out of Churchill for ten weeks a year. Of course that is a very short shipping season. However, there are a great many people, particularly those living in Churchill, who believe that the season could be extended. Only recently the Minister of National Defence announced that the Royal Canadian Navy is to hold its exercises this summer in Hudson bay. I would ask the two ministers—the Minister of Transport and the Minister of National Defence—to get together in the matter and, while the navy is exercising in those northern waters, they might investigate the possibility of extending the shipping season to four or five or even six months.

It might also be necessary, if the coal trade is to be developed through Churchill to the western provinces, to have facilities built at the docks in Churchill for the unloading of coal, so as to facilitate handling.

Mr. BROOKS: I wish to take only a few moments of the time of the committee to bring up a transportation matter of great importance to the people of the maritime provinces. This matter has been before the House of Commons on numerous occasions. As a matter of fact, I suppose it is one of the oldest transportation problems in Canada.

Mr. CHEVRIER: That sounds like Chignecto.

Mr. BROOKS: Yes, I refer to the Chignecto canal. The minister has anticipated me in this, and I am pleased indeed to know that he has this important matter on his mind.

I have said that this is an old subject. As a matter of fact, it goes back to the days of French rule in Acadia. In 1686 it was recommended by the then governor of Acadia to the King of France. I might say it has been investigated and surveyed many times since, but, unfortunately, as yet nothing has been done. The province of New Brunswick even before confederation had the site surveyed, and it was only because of a lack of funds at that time that the project was not proceeded with.

In 1871 Sir John A. Macdonald felt so keenly in the matter that he promised the people of the maritime provinces that the Chignecto canal would be built. Unfortun-

ately, shortly after this Sir John was defeated, and Sir Alexander Mackenzie, who became Prime Minister, found the economic conditions of the dominion in bad shape, with the result that he shelved the project for the time being.

In connection with the attitude of Sir John A. Macdonald, I should like to quote what was said by Sir Hugh Allan, chairman of a commission appointed by Sir John at that time. This will give hon. members some idea of the importance in which the building of this canal was held by the leading politicians and statesmen of that day. Sir Hugh Allan, reporting to Sir John A. Macdonald, had this to say:

> Inseparably connected with the growth of intercolonial trade is the construction of the Baie Verte canal across the isthmus of Chignecto connecting the provinces of Nova Scotia and New Brunswick. The advantages that must accrue not only to the commerce of the maritime provinces, but to the dominion as a whole, are so clearly pointed out by the boards of trade of all the leading cities of Canada and by men interested in the development of our commercial interests, not simply by the merchants of Saint John and other places in the locality of the proposed canal but merchants of Toronto, Hamilton, Ottawa, Montreal and Quebec, that it is superfluous for the commissioners to do more than briefly refer to a few salient features of the scheme.

Then Sir Hugh Allan goes on to point out, as he states, the salient features of the scheme. The chief feature was that it would reduce by over 400 miles transportation from Montreal, Quebec and the head of the lakes to Saint John and ports on the Atlantic in the United States.

I am satisfied that if this canal had been built, as it should have been built, in those early days in the history of this country it would have paid for itself many times over and would have greatly developed that section of the Dominion of Canada. I shall not go into its many advantages tonight because the subject has been often debated in the house and I have taken part in the discussions on numerous occasions. But it is still a very live issue in the maritime provinces. I would point out to the minister that practically every board of trade in the maritime provinces has recommended the construction of the Chignecto canal. The leading newspapers of that section have been demanding it now for the past two or three years, particularly the *Telegraph-Journal* of the city of Saint John.

I would also call the attention of the minister and of the committee to the fact that the people of the maritimes have never complained of expenditures in other parts of the country. We have heard a lot this evening, for instance, of the Hudson Bay railway. I am satisfied that the Chignecto canal would have been of far more benefit to this country and the maritime provinces than the Hudson Bay railway. However, we in the maritime provinces never complained about the amount of money that we had to contribute to the building of the Hudson Bay railway, nor have we complained about the many millions of dollars which our section of the country has had to pay as its share for the building of canals in every other part of Canada.

Looking over the history of canals in this country, I find that Sir John A. Macdonald in his day listed the canal projects of Canada under these heads: first, those that were imperative to the economic development of this country. One of the canals which headed that list was the Chignecto canal between Nova Scotia and New Brunswick. I would also point out that every canal on that list, and there were many of them, has been built except the Chignecto canal. Under the second head he listed canals which were highly desirable for the development of this country. All those, too, have been built, and we in our part of the country have contributed our share to their building and maintenance. But still the Chignecto canal, which is as important today as it was then, remains unbuilt. Many of these other canals on which millions of dollars have been spent are today overgrown with weeds and are nothing but a liability to the dominion.

In conclusion, I hope that the minister will give this matter, which is of great importance to us, his most serious consideration, and that it will receive from this government or whatever other government may be in power the attention which it rightly deserves.

Mr. BLACK (Cumberland): Mr. Chairman, I should like to support the remarks of my seatmate, the hon. member for Royal, with respect to the Chignecto canal. It is a project that has been before the people of this country since the days of the Acadians, three hundred and more years ago. The route was even used by the Indians in portaging across that part of Nova Scotia. The Chignecto canal was projected before confederation by the maritime provinces at an estimated cost of $8,000,000, and I am just as satisfied as that I am standing here that if the maritime provinces had not entered into confederation—I am not saying that I have ever been or am now opposed to that step—the three maritime provinces would, as a matter of commercial necessity, have built that canal long ago, and we would not have had to wait until this day and plead session after session, as I and many

others have done, for justice from this government with respect to the construction of that canal.

There has been expended in Canada for canals—I gave these figures last year—a total of $243,752,399.78. There has been paid for deficits on the canals, $114,130,209.81, or a total of $357,882,609.59. Hardly a dollar of that has been expended in the maritime provinces. Possibly a little has been spent for maintenance of the St. Peter's canal, which was built before confederation, and another small canal for small fishing vessels.

We have contributed toward the capital cost and toward the deficits of the canals in central Canada; these canals with their lake and river services give cheap transportation, and the railways meet such freight rates. We in the maritime provinces have contributed our share to enable them to be constructed and maintained, but we do not get this cheap transportation.

In the estimates this year I find, for the maintenance of canals, the sum of $3,886,408, and last year there was expended for that purpose $3,830,580. In addition, there is a large expenditure of several million dollars for capital account in dredging ship channels in central Canada and in improving their canals and waterways. We have no like expenditure in our part of Canada.

It has been pointed out that the Chignecto canal was approved by the Prime Minister of this country, Sir John A. Macdonald, in 1871. A charter was granted in 1882 to construct a ship railway. Engineers approved the ship railway rather than the canal, and there was spent by private enterprise on that project $4,000,000 or more. This company organized by British capital, asked for an extension of its charter for two or three years because the failure of its banking firm, Baring Brothers, left it unable to proceed with the work as contemplated. They estimated it would take $1,500,000 to complete the project, but the extension of their charter was not granted, and we did not get the ship railway or the canal. The federal government had authorized a subsidy of $150,000 for a term of twenty-five years which was later changed to $170,000 for twenty years. But all that was cancelled and not a dollar was spent by the federal government toward the construction of the canal or the ship railway. If the amount promised at that time by way of subsidy, on the strength of which private capital invested their money in the project, was capitalized at compound interest I venture to say it would amount today to $15,000,000, and that sum is certainly due us in our part of Canada along with any additional amounts necessary to complete that work.

A survey was made in 1930 to 1932, and an estimate was made of $23,000,000 for the smaller canal and $35,000,000 for the larger canal. Engineers felt that these estimates were swollen. We have been told that the canal will not pay at this cost. Such a canal should not be required to pay. Certainly the canals in central Canada have not paid. It is a commercial necessity; it is a defence measure, but it is the only project of its kind that I know of which has been placed upon a basis of whether or not it will pay.

As pointed out by the previous speaker, boards of trade in the maritime provinces, mayors, and members of provincial legislatures have sponsored the construction of the Chignecto canal. People in the Annapolis valley, fruit growers and their boards of trade have asked for the construction of the canal. They require, more than ever before, easy access to the markets of central Canada for their fruit. They feel that, especially with the increased freight rates, they should have this canal and should get the benefit of any reduction in freight that can be made available to them. The production of coal, gypsum, lumber and other products in the maritime provinces would benefit. The people of Prince Edward Island require it for the shipment of their produce to the United States and the south.

A transportation commission and committees have been organized to press our needs and claims. We are not satisfied with promises, with being put off. Perhaps it is because we do not speak with a united voice in the maritime provinces that we do not get action.

Notwithstanding our freight difficulties, there has been established, within the last few weeks, in the town of Amherst, a branch of the American "Bendix Industry", which is a pleasing departure from what has occurred in the past in the maritimes. That is the first large industry, I believe, that has ever attempted to establish a branch in the maritime provinces. It will manufacture household utensils, such as washing machines. It will soon employ 200 men and, I hope, expand. I want to express my appreciation to the Minister of Trade and Commerce, the government of Nova Scotia, the board of trade, the Canadian Manufacturers' Association and the individuals who have contributed toward the introduction of that industry in the maritime provinces, thereby changing the whole past

trend of industry in Canada. I hope it will be the forerunner of many such industries.

Mr. GIBSON (Comox-Alberni): I wish at this time to express my thanks, and also the thanks of the Port Alberni harbour commissioners, to the minister and to his able staff for the courteous consideration which we have received from them during the past year. In the remarks I intend to make tonight, I shall try to be helpful and constructive. I wish first to deal with the matter of a coastguard service for Canada. I know this matter has been brought up on several occasions. I am thinking particularly of the question asked on February 9 last by the hon. member for Skeena and of what the minister said at that time. I can understand why he felt that way, that this new coastguard service would be quite costly. Probably he felt that the estimates of the Department of Transport could not be stretched to that limit. He then went on to enumerate the services that were provided to protect our sailors on the coast. While I am not at all familiar with what is on the Atlantic coast in the way of equipment, I can say to him that I have had an intimate association with both the lifesaving services and the aids to navigation service of his department for the past twenty-five years on the British Columbia coast. I may say to him that he has been able to obtain excellent men to staff his agency. I can also assure him that the crews, coxswains and officers of his lifesaving vessels are able and capable men.

As I say, I am very familiar with the equipment that he has on the coast. I do not think it has ever been the minister's privilege to look at the lifesaving equipment that his department maintains. I am quite sure that if he had a look at it, even a layman like himself—I am sure he is not a sailor—would get some appreciation of the sense of futility which must be in the minds of the men who are working in this service. The lifesaving equipment which we have on the Pacific coast which, I may say, is one the great world trade routes, and well known as the graveyard of the Pacific, consists of two 40-foot boats; I am guessing at that now. I think the minister will find that nearly right. They are practically open boats. I am quite sure that if the crew ever had to go out into one of these northern Pacific gales in the middle of winter the crew would perish probably long before they could give any help. They would be in much greater danger than anybody who happened to be out there in a vessel merely in distress.

As far as the boats are concerned, I said that they were forty feet long and practically open. There is only a canvas cover in front of them that the crew can huddle underneath. There is a small cockpit over the engine that will hold the engineer in case of emergency. I would imagine that he would suffocate if he had to stay in there more than about fifteen minutes. If anyone gets into difficulty on the Pacific coast he must, of course, depend on the United States coastguard service for any help. I am sure the minister will realize that the boats we have there equipped neither with radio telephone nor radar are entirely inadequate for the service they are intended to perform. If a ship gets into difficulty out there in the wintertime, or at any other time with poor visibility, there is no possibility of one of our boats locating that ship in the tens of thousands of square miles of Pacific ocean, without the use of radar and some of the modern navigation equipment that is now available.

I quite agree that a coastguard is costly. It has always seemed to me that a coastguard is a service that should be organized and maintained by the Department of National Defence. I understand that is the way in which the United States coastguard operates. It operates as a unit of the national defence service there.

The matter of cost has been brought up many times. I think Canada has reached a stage in the world now that we should be able to offer an adequate coastguard service, if we are to be a maritime nation. We are starting to have great ideas about what our maritime commission will do. I see by the papers that we intend to subsidize the construction of fast freighters and we intend to be a sea-going nation.

As regards the matter of costs, it has always seemed to me that our governments are not as efficient in getting value for their dollars as private industry is. If the minister recalls, not long ago War Assets of Canada were disposing of a large number of vessels. We had the Bangor type of diesel mine-sweepers which sold at the low price of one-tenth of cost. They would be suitable vessels for this work. I believe the thirty or forty Fairmiles, sold on the east coast and the west coast at $3,000 apiece, could have been converted to diesel power at about $10,000, and I make that statement advisedly. They would have made excellent ships. I would point out that the United States war assets corporation had what they call the Y type mine-sweepers, a 135-foot vessel powered with a 1,200 horsepower diesel engine, equipped with direction finders, echo sounders, radar and every modern navigation device, and they sold these vessels, even throwing in a Bendix washing machine, for $15,000. A good many Canadian fishing companies purchased them.

It seemed to me most unfortunate that, at this cost, when the vessels were available to us, and considering the serviceable boats they would have made for coastguard use, advantage was not taken of that opportunity. I think it is important for the minister to discuss the matter with the Minister of National Defence.

We all know that as soon as we get into international difficulties we usually have to turn to the commercial fishermen and commercial sailors to augment our navy in time of emergency, and I can think of no better way to train men than to have them as part of national defence for coastguard service. On the Pacific coast four of these vessels could be stationed at strategic points in communication with one another by radio telephone and in communication with the lighthouses located along the coast.

Let me make this plea with the minister. I as a Canadian, and I am sure he feels the same way, have been terribly ashamed at times at the fact that whenever a Canadian vessel got into trouble the only vessel available on the Pacific coast, capable of towing anything into port, was a United States coastguard boat.

Just before I conclude, I wish to bring to the attention of the minister another matter. It has to do with direction finding stations. I am sure the minister has received a brief from the fishermen's co-operative association, dated February 9 last. It was a resolution setting out the necessity for more adequate direction finding stations there. I see by a perusal of the estimates that there appears to be another $174,000 grant in this particular branch of the service this year, and I trust that this sum of money indicates that the minister will find it possible to provide these extra facilities which are so badly needed on the Pacific coast.

Mr. CHEVRIER: In reply to the hon. member for Comox-Alberni, I wish I could give more satisfaction than I did when I replied to a question asked on February 9 by an hon. member, but unfortunately the position as it was then has not changed. However, in view of his interest and that of other hon. members, I shall be glad to review the situation again.

I do not wish to go into the reasons I gave then, but my hon. friend will be interested to know that there is provided in the estimate something for lifesaving equipment in the way of a new lifeboat at Bamfield, British Columbia, which will cost $55,000 or $56,000. That does not come near the point my hon. friend has raised as to providing coastguard service on both coasts. That is a question which is so far-reaching that it must be considered not by one department but by other departments of government as well. In view of his representations I shall be glad to consider the matter with my colleagues.

Mr. CHURCH: I wish to call the minister's attention to two or three matters and I can assure him that I do not intend to prolong this discussion, because there are many others who wish to take part. I took part in the discussion on Friday night. I may say that I have known the minister for a great many years, longer in fact than I have known some of the members of the government, and I think he has been quite courteous and most attentive to his duties. I will not say anything further tonight than to refer to a few subjects dealt with.

The other night I was referring to the present estimates of the Department of Transport, and with it the department of the Minister of Public Works in reference to our city. I referred to the question of grade crossings.

The minister must not forget that the city of Toronto paid one-third of the total cost of the Toronto viaduct along the waterfront. That city has contributed more taxes than any other city in the dominion. I am not here to argue tonight that we should undertake vast public expenditures at a time when we are faced with a housing situation, high building costs and all the rest of it. I would refer the minister, however, to the returns I received from his department with reference to the grade crossing fund. I had asked a question as to what sums of money had been spent on grade crossings during 1947, and the answer was that there were no contributions to the grade crossing fund in the city of Toronto during that year.

It is true they did have one grade crossing in the northwest grade separation, and it is true that the public works department has done some work in connection with the post office in Toronto, nearly all a revote. But I would point out that such work was absolutely necessary, in view of the fact that a revenue of $15,500,000 is derived from the post office in that city.

The other night I referred to a steam suburban service, something we have never had in our lives in our district, and we have not been able to get it, no matter what government was in. Why, I do not know.

There was another matter I wanted to bring to the attention of the minister. The minister refers to the Canadian National Rail-

ways and their estimates. I am not a member of the committee on railways and shipping which is revising those estimates, but I suggest that you will go a long way before you will find another city doing what our city did in connection with the Toronto viaduct in the central region of the Canadian National Railways, which accounts for a large part of the revenue-producing section of the province, the Niagara district and the Toronto district, extending right across the central part of the province where most of the revenue comes from.

We have hoped for a car ferry from Toronto to Port Dalhousie and a new boat on lake Ontario there, in the place of the *Northumberland,* just as we have been hoping for a steam suburban service in return for the large expenditures the city has made. I would ask the minister, before the session concludes, to make a statement on the present position of the St. Lawrence waterway and navigation.

Mr. CHEVRIER: That is a tough one.

Mr. CHURCH: The minister smiles. May I remind him that he has already appointed another waterway commission—to do what, I do not know—in connection with the Lachine section. One of these gentlemen is Mr. Henry, who was one of the pioneers in the Beauharnois matter about which we heard something years ago.

Mr. CHEVRIER: He is Canada's greatest economist.

Mr. CHURCH: The minister was then going to law school, and we heard enough about Beauharnois for years. May I point out to the minister that the returns he tabled for me some time ago to which I referred, in connection with grade crossings, speak for themselves.

I was referring to the estimates of the Minister of Public Works, who I hope will come up and visit Toronto harbour some day, because we would like to see him up there. I suggest May 22. I think that would be a nice day for him to come up. That is next Saturday. If he cannot come then, I hope he comes some other day.

Having made these few remarks, that is all I have to say. I know the hon. member for Lincoln is anxious to say something. In conclusion, may I say that we do not want anything to which we are not entitled. We get little from any government anyway.

Mr. STOKES: While we are discussing the matter of grade crossings tonight, Mr. Chairman, I wish to draw the attention of the minister, through you, to a condition existing just outside the city of Belleville. The Canadian National yards have been growing and extending. In my lifetime the roadway crossing from the south side to the north side has been twice moved in an easterly direction. Today it is getting down to a point where it cannot be moved again, because the coal chutes and the water tank are just a little bit to the east of it. There is a crossing there which is used, not by a quarter of a million of people, the number mentioned by the hon. member for Danforth, but by a large number of people because it is still a suburban area, and just to the east of it is a good agricultural country, from which comes into the city a good deal of traffic. There are five or six tracks there at the present time, and it is looked upon as a dangerous condition. I believe the municipalities and the suburban road commission have been making some representations. That is my understanding, anyway. I hope the minister or the appropriate authorities will take this matter into consideration. I know from personal experience what it is like to go across there on a windy night in the winter, with the steam from the locomotives blowing down on you. You do not know where you are. There is not even a guard at that crossing. This is a condition that deserves some consideration at the hands of the department.

Mr. BENTLEY: I want to remind the minister of a few things. This evening he has been asked to build a number of railroads and one or two other things. I thought, while he had his pick and shovel in his hands and his track layer out, he might as well finish up a few little jobs that need to be done out our way.

I want to remind him of the stretch of road between Neidpath and Swift Current. This is not a difficult road to finsh. The Canadian National runs from Radville up through that country. Passengers coming up to Swift Current can get within twenty miles of there, and then they must get some other means of travel. It does not seem reasonable that people can come within that distance of the largest trading centre in that part of Saskatchewan and not be able to finish the rest of their trip.

There is a considerable amount of fairly heavy traffic in there which the railroad could use. The roadbed is built in most places. It may be run down a bit, but I think it is built, if not completely all the way through, very nearly so. The steel is laid six miles farther west than Neidpath as far as Burnham. The job is not one that would be called a difficult one, nor would it be an expensive undertaking.

If it pays to bring stuff up to Neidpath and take it back out, obviously the other twenty miles would pay its own way in operation.

I should like the minister to tell me whether he has given any consideration to this since I first mentioned it in 1945, and again in 1946 and in 1947; I suppose I can do so again in 1949 if he has forgotten about it till now.

Another thing to which I should like some consideration given is the completion of a line that runs from Pennant down to Verlo where the end of steel now is. At one time it was contemplated it would continue on to join with a branch line that connects with Fox Valley about fifty miles straight west of Verlo. At one time it was intended also to bring the line from Golden Prairie, which is also at the end of the line, up to meet that and so give a network of railroad service right through that country where there is a large amount of wheat, some large cattle ranches, sheep ranches, fur farms and so on that could be served. If the minister has not given consideration to this as a result of my past representations, I wish he would take note of it; and if he has, I should like him to tell me the result of his consideration up to date.

Mr. CHEVRIER: I am glad to tell the hon. gentleman that I asked the railways to give consideration, not only to his representations which were made heretofore but to those of other hon. members who have from time to time and from year to year made observations with reference to branch lines or new construction. The railways—and when I use that term in the plural, I mean the Canadian National Railways—have given consideration to those projects. In fact, they have set up a committee to study them, and they have come to the conclusion that all these branch lines at the moment should be divided into two classes: first, that which the railway feels it should recommend on the basis of improving or rounding out its system and serving territories now without service and which lines can be economically justified; and second, that which can be regarded as colonization or development lines and which the railway could neither construct nor operate without assurance that its losses would not have to be borne through its ordinary operations.

Unquestionably the line to which the hon. gentleman refers, as well as others which have been mentioned this evening, with the possible exception of the P.G.E. extension—and I take it that these remarks will apply also to other representations which will be made this evening—fall within the first category. That being so, the railways have come to the conclusion that unless the particular new construction can be justified economically, it would not be advisable at this time to proceed with it. They have come to that conclusion, not only because of the acute shortage of steel, but also for other reasons which it would take too long for me to go into at this time. I wanted to tell the hon. gentleman that his particular representations had not been forgotten, and the position at the present time is as I have outlined it. I trust it will be possible in later months to amend the decision.

Mr. HERRIDGE: Before bringing to the attention of the committee, Mr. Chairman, two matters which I wish to discuss briefly this evening, I must say it did my heart good to hear my good private-enterprise friend, the hon. member for Comox-Alberni, advocating the extension of the area of public ownership and public service. I know what he has to say with regard to the establishment of a coast-guard service has the support of the people in British Columbia. What he said this evening represents, without doubt, the opinions of the people of that province.

I now want to deal for just a moment or two with the steamer service in the Kootenays. I refer to Arrow and Kootenay lakes. I know what I am talking about, because I have lived on those lakes for forty-two years and I have travelled on those steamers for forty-two years. I remember the days when we had a fine fleet of steamers, the *Rossland,* the *Kootenay,* the *Bonnington,* the *Sicamous,* the *Minto,* the *Moyie,* the *Kuskanook,* and several smaller craft, handling car barges.

Today our service on the Arrow lakes is reduced to the steamer *Minto,* built in 1898, and on the Kootenay lake to the steamer *Moyie,* built during the same year. In fact I might say that these two stern-wheelers are the only steamers of their type operating today in the Dominion of Canada.

During recent years we have suffered from a decline of service on the lakes, while at the same time the population and the production of wealth have been increasing. This inland steamer service is actually the orphan of transportation in Canada. I took up the matter with the transport board and the minister; and I am informed that the federal government has no jurisdiction or responsibility with respect to these steamers, so far as service is concerned. I took up the matter with the provincial government officials and they said they had no responsibility with respect to service, so that we do not know where we stand. When it comes to the question of operating under the shipping act and certain other laws, and when it comes to the question of labour relations, both the dominion government and the Canadian Pacific recognize these trans-

portation services as national in character. But when it comes to bringing this transportation system under the jurisdiction of the transport board we are told by the minister and the board that it comes within the provincial sphere because the services are definitely within one province, while at the same time they are part of the Canadian Pacific railway system. It is not a coastal service nor an ocean service, but is a part of the Canadian Pacific railway system.

During the past year we had a heavy movement of fruit and other farm produce. If we had not been most fortunate in having the services of one of the finest skippers who ever sailed the lakes, Captain Estabrook, a great deal of the hay, particularly, would not have been moved out before the small craft were put on the lower lakes. That skipper was able to continue operating later in the year than at any time in the last thirty years, by lining the steamer up the swift water by means of a winch and cable. But toward the end of the year the water became so low that the larger steamer had to cease operations on the lower lake, and for a distance of fifty miles all the isolated ranchers and communities were served, as far as passenger service is concerned, by a little launch brought in on a flat car by the Canadian Pacific, a launch which operated all winter without heat. It was a gasoline launch, and, I am informed, was not permitted to have a heating system. You can imagine the situation on a stormy winter night, with many of the passengers not accustomed to that type of travel, having to make a trip for a distance of perhaps fifty miles in a small launch, without heat. As far as freight service was concerned, they brought in a dinky tug, also on a flat car. It was so lacking in power that it could not handle a barge in stormy weather, and waited for fine days in order to do the work required.

The people of the Arrow lakes are not satisfied with the service they have been getting. They believe that this interior boat service should be brought under the jurisdiction of the transport board, and that they should have a better service. I know the Canadian Pacific have given consideration to building a new and somewhat larger steamer. I also know the cost of a new boat is very high compared with the cost some years ago. I happen to know that the steamer *Minto* was built in 1898 for about $48,000. I understand now that to build a steamer not a great deal larger but somewhat longer and wider in beam, and capable of carrying cars, will cost over half a million dollars. I realize those difficulties, but I wish to bring to the attention of the minister the plight of the people on the lakes. At the present time, construction has commenced on a $5,000,000 power plant on the Arrow lakes, which will mean the moving of an immense amount of construction material, supplies, equipment and so on. So I want to express to the minister once more the need for improved steamer service on the Arrow lakes, and the desire of the people to have this service brought under the jurisdiction of the transport board.

Perhaps that is sufficient for that subject this evening, but before concluding I should like to deal with a matter brought before the house originally this session, I believe, by the hon. member for Kamloops. I believe he mentioned something about electrical fences of some sort for warning engineers and train crews of rock slides on the mountain divisions. I do not remember the details—

Mr. CHEVRIER: Slide detector fences.

Mr. HERRIDGE: I thank the minister for the correct information. I know that under winter and spring conditions we have on the Kettle Valley railroad one of the most difficult stretches of road to operate anywhere in Canada. That is particularly so of the section that lies to the south of Kootenay lake between Nelson and Creston. The curvature is very pronounced, and the railway is built along a sheer bluff in many places. The engineers have to be very careful indeed to avoid running into rock slides, loose rock, and so on. The engineers operating on that railroad are anxious that something be done to have slide detector fences erected along the dangerous portions of the road. I do not know what the Canadian Pacific is doing in this respect, but I bring the matter to the attention of the minister and would like him to inform the committee what is being done on the part of the Canadian Pacific in connection with the installation of slide detector fences, in dangerous places.

Mr. CHEVRIER: I should like to bring to the attention of the hon. gentleman the fact that as minister I have no responsibility for and no jurisdiction over the operations of the Canadian Pacific railway, except to the extent that the Railway Act and other legislation apply to it; and that is administered by the board of transport commissioners.

This evening the hon. member has raised two questions. The first has to do with steamship service on the Arrow lakes in the Kootenay area. While I attempted to assist the hon. member to the best of my ability last year, and again this year, I am afraid there is little that can be done because this steamship service is of a provincial nature. It operates wholly within one province. It is true that, while the board of transport commissioners have no

jurisdiction at the present time, they might be given jurisdiction by an amendment to the act. After the board had given that point some thought, however, they did not feel like recommending that this should be done, because it was a service of a local nature.

Other considerations enter into the picture. Perhaps the main difficulty lies in the fact that the service is not as profitable as it should be. At the moment I am not familiar with the details, because it is some time since I have seen the file, but I think the representations made by the hon. gentleman and those associated with him—I believe they have been made by more than one hon. gentleman—should be directed more properly to the Canadian Pacific Railway Company, who operate this particular service. If it will be of any assistance to the hon. gentleman I would be glad to pass on these representations to the officers of that company.

The other question to which the hon. gentleman referred has to do with the installation of slide detector fences, or the block system. Again I cannot speak for the Canadian Pacific but only for the Canadian National. I know they have actively considered the question of slides which have taken place in the mountain area and which have brought death and serious injury to train crews. In their budget they have placed a sum of $1,000,000 for the installation, as quickly as possible, of a block system which should do away with the situation to which the hon. gentleman refers.

What the Canadian Pacific are doing in the area I do not know, but I am sure they try to keep equally up to date and will not allow the situation to continue without giving it close attention. I should add that the board of transport commissioners have set up a special committee to deal with the question as it affects the mountain area, and it may be that the decision they reach will apply equally to the Canadian Pacific as it will to the Canadian National.

Mr. CAMPBELL: First I should like to correct a statement made by the hon. member for Royal, who said the people of the maritime provinces had helped build the Hudson Bay railway. The Hudson Bay railway was built with money received from the sale of some 14,085,880 acres of western Canadian land which sold for $42,257,640; and the people of Canada did not put up one nickel toward the building of that railway.

Earlier this evening the hon. member for Battle River referred again to the question of the gap between Heinsburg to Frenchman's Butte, and St. Walburg and Beaver River. This question has come before the house in the last two sessions, and has had a thorough airing. One hon. member particularly has made a number of eloquent pleas for the people of that district. I refer to the hon. member for Athabaska.

In the last session the minister gave us some consideration and a little hope that something would be done in the near future. I am somewhat disappointed that as yet this session the hon. member for Athabaska has not seen fit to bring the matter again before the house. The people there are pretty well disappointed, and I hope the minister will have more encouragement for us this year than he did last.

I have here a letter from a lady in that constituency who went there a good many years ago, which I believe aptly describes the conditions in which many of these people have found themselves. I shall take the time of the committee to place at least a part of the letter on record. This letter written by Mrs. Edith Gould, who signs herself as one of the lonesome pioneers, is dated at Iron Springs, Saskatchewan, and states:

Dear Sir:

We are living in a place which in 1933 promised to be a thriving community, when the railway seemed to be in the building and this was marked a townsite on the railway map. It was quickly settled with 36 settlers. Two stores opened up, a church and a school were built and we had our own post office. We all liked it here, and intended to stay and make good. But the war and hard times shut down the railway works. Lack of money to work with and lack of implements to work with made many leave to seek work; also bad roads. The war took some of the boys and younger men. And finally it was hard to get a teacher and the school was closed; and the remaining families had to move to town to get schooling for their children.

The buildings on this land are going to ruin. Some of them were good buildings which cost money to build, wells and fences are breaking, and all going back. The little church and school and other buildings are in danger of being destroyed, if a fire comes. It seems to me this is wilful neglect, for surely with so many people seeking a place to live and the cost of living rising every day these homes could be made use of, and the district become a thriving one when the railway comes. It is a sad sight to see places where people had worked so hard to make a home, not just for a short time but for years. Now all are going to ruin.

Although this letter is three or four pages in length, I shall not put any more of it on record. I do say, however, that these people are deserving of more consideration than they are getting. Because of the war and the shortage of steel, it is possible that the government and the railways have had a good excuse in the past. But surely the situation as regards steel is greatly improved, and it is time that we gave to these people

some hope for the completion of that railway. I trust the minister will tell us tonight whether there is any hope, or not.

Mr. CHEVRIER: I am afraid I cannot add anything to what I said in reply to the hon. member for Swift Current, further than to say this, if it will give the hon. member any encouragement, that the line he refers to, namely, filling the gap between St. Walburg and Bonnyville, and Heinsburg and Frenchman's Butte, falls within the first class to which I referred a moment ago, namely that which the railway feels it should recommend on the basis of improving or rounding out the system, and serving the territories now without service, and which lines can be economically justified. While I am not in a position to say this is a line which can be economically justified, I hope it can be. I indicated as much to the delegation which waited upon me last year in western Canada. And while the railway committee which was set up to deal with all these branch lines has not yet come to a conclusion with reference to it, perhaps because steel is in short supply, when the committee does go into the matter fully, while I am not able to tell the hon. member what the conclusion will be, I would think it falls clearly within the first category. From what I know of it, personally, I would also think it is one which can be economically justified.

Mr. STUART (Charlotte): I should like to add my support to the suggestions made by the hon. member for Shelburne-Yarmouth-Clare and the hon. member for Comox-Alberni. These statements had reference to the coastguard service on the east and west coast. I would suggest to the minister an idea to improve this service, which I feel could be carried out without any great cost.

From previous experience I have had with the different departments, I have found that there appeared to be little co-operation between departments, so far as the amalgamation of services is concerned. The point I had in mind, however, has to do with the situation which prevails at the present time at Grand Manan island. At the present time the fisheries patrol boat, the *Gannet Rock* requires replacement. I thought that when this matter of replacement was being considered, the Department of Transport and the Department of Fisheries could get together and decide that a boat could be built and manned by a crew which would look after the interests, both of the Department of Fisheries and the Department of Transport. At the same time it could act as a lifesaving boat.

The boat now employed by the Department of Transport at Grand Manan island for this purpose is an old lobster boat, about fifteen years old, powered by an automobile engine. Both the boat and the motor have outlived their usefulness. I saw this equipment as recently as last fall and I know that it is unfit for the job it is supposed to do, and that with very little expenditure of money this service could be improved.

In and around Grand Manan island one finds a rugged coast line with off-shore ledges and shoals which offer great danger to the fisherman. It is absolutely necessary that the lifesaving equipment be available at all times, and it could be used as well for the transportation of patients to hospitals on the mainland. It has often been found necessary, in the event of accidents or emergency surgical cases, to take patients to mainland hospitals, a considerable distance away. If the proper type of equipment were made available for each of these services, both for lifesaving and for fisheries patrol, it would be costly, and I believe that to some extent it would be criticized by the people on the island. If two boats and two crews were made available to look after the service I am certain that often one would find both boats and both crews doing nothing. That has happened often. But one boat could be built to take care properly of both services, with a full-time crew to look after the protection of the fishermen and the interests of the fisheries department. I believe that there would then be very little criticism and that many dollars could be saved in this way. If the Department of Fisheries and the Department of Transport would co-operate in this way it would eliminate much expenditure and would give the people a service which I feel they must have in order to carry on.

In making this suggestion to officials of the fisheries department, I was informed that they would object to a dual service, but so far they have not given any reasonable explanation why the two departments could not work together. In discussing the proposed service with officials of the transport department, I got the very same response, that it would not work out successfully to have the two departments controlling the one boat. Regardless of this fact, I am suggesting that the two departments do get together before any new equipment is furnished for either service on Grand Manan island and discuss intelligently the idea of having the two services performed by one boat, well equipped, and one crew, to

be controlled by both departments. In this way a better type of boat and equipment would be justified and a better service could be maintained. The cost of operation would be greatly reduced, and I think the department would be justified in maintaining the crew the year round.

The hon. member for Shelburne-Yarmouth-Clare, speaking on this subject on May 14, suggested that we utilize all the available equipment we have in the fisheries department and the transport department. I heartily agree with his suggestion, and at the same time I suggest that in any planning done in future for improving the existing services favourable consideration be given to a combined service whereby the transport department and the Department of Fisheries may work together.

My reason for suggesting that the service might be controlled by the fisheries department is that the fisheries department have officials and offices scattered all over the maritime provinces, and, I think on the west coast too, whereas, the Department of Transport have few offices in comparison. They have one in Saint John city and another in Halifax, but their offices are not nearly as numerous as those of the Department of Fisheries.

I trust that the minister will give this matter his careful consideration, and in a case like Grand Manan I feel sure that a service could be inaugurated by the two departments which would give the fishermen coastguard protection, and at the same time the crew and boat would be available to look after the interests of the Department of Fisheries.

Mr. HAZEN: Mr. Chairman, I wish to support the well-expressed views of the hon. member for Royal and the hon. member for Cumberland in favour of the construction of the Chignecto canal. It is not my intention to speak on that matter this evening; I have spoken on it on other occasions, but I would say to the minister it is a live subject in the maritime provinces and it will continue to be a live subject until it is shown that the cost of construction is out of all proportion to the benefits that would be derived. If the matter is looked at both from the defence point of view and the commercial point of view, that will be a rather difficult thing to show.

I rise for the purpose of asking the minister a question. Has the government come to any decision on the submissions of all the provinces, except the provinces of Ontario and Quebec, made to it following upon the judgment of the board of transport commissioners regarding a horizontal increase in freight rates of 21 per cent, and if a decision has been arrived at, is the minister in a position to tell us what that decision is?

Mr. CHEVRIER: Mr. Chairman, the representations made by the premiers are still under active and careful study by the government. No decision has yet been arrived at. When one is reached, it will be announced.

Mr. SINCLAIR: In addition to the general submission, I understand that British Columbia has made a specific application with regard to the mountain differential. Can the minister say whether that will be considered before the general submission or along with it or after it? Will British Columbia's specific application regarding the mountain differential be considered first or when?

Mr. CHEVRIER: The application made by British Columbia for removal of the mountain differential was made to the board of transport commissioners, and it is not necessarily contained in the representations made by the premiers. My information from the board of transport commissioners is that the province of British Columbia is ready or about ready to proceed with its case, and from the statement which I made in the house, namely, that just as soon as the provinces were ready to proceed the board was willing to go out, I take it that the board will be prepared to go out at an early day.

Mr. KNOWLES: Mr. Chairman, the various divisions of the minister's department are numerous indeed. I wish to talk about another phase of the work that comes within his department. I have in mind air services, which have only recently come directly under his ministerial jurisdiction.

As the minister knows, I have raised a particular question having to do with air services three times in the last two weeks. Naturally, if I had had an answer that was satisfactory to me I would not be raising the question again, but that is not the case.

As the minister knows, the government's policy with respect to international air services has been categorical and definite for a number of years. It began with a statement made by the Prime Minister on April 2, 1943. So far as international air services were concerned, the crux of his statement is to be found on pages 1777 and 1778 of *Hansard* of that date. It was to the effect that all air services across international boundaries or from Canada to other countries would be performed, so far as Canada's operation was concerned, by the government agency, namely, Trans-Canada Air Lines. That policy was spelled out and reiterated by the present

Minister of Trade and Commerce a year later. His speech was made on March 17, 1944, and the significant part of that speech is to be found at page 1579 of *Hansard* of that date. He reiterated the Prime Minister's announcement of the year before, making it quite clear that it was the government's firm intention that all international services would be operated by Trans-Canada Air Lines.

In 1945, the next year, the matter was up again. It came up during the consideration of amendments to the Trans-Canada Air Lines Act. Those amendments had to do with subsidiary organizations under T.C.A., but in the discussion the present Minister of Trade and Commerce, who was then in charge of this matter, made it clear that the government was adhering to its policy that all international air services would be operated by the chosen instrument, namely Trans-Canada Air Lines. Again, in the next year, 1946, this policy was reiterated by the minister then in charge and again he spelled it out, this time with special reference to the proposal to establish an air service between this country and Australia. The particular spelling out to which I refer is found at page 5640 of *Hansard* of August 30, 1946. On that date the minister announced an agreement between Canada and Australia and said that, so far as the Canadian end of the agreement is concerned, it would be operated by Trans-Canada Air Lines.

Again last year, 1947, there were discussions of this matter on the estimates and the policy of the government was reiterated. As I say, in all these five years, 1943, 1944, 1945, 1946 and 1947, the policy has been just as definite as it could be laid down. It was absolute and categorical. There was no reluctance on the part of the government to state its policy; there was no suggestion to anyone in this house that government policy would be announced in due course.

Some members of the house did not like the policy. We in this group did, but whatever the reactions to it we all knew what that policy was in language that we clearly understood. A few weeks ago, however, there began to appear in some of the newspapers of this country suggestions that we might expect a change in policy with respect, in particular, to the service across the Pacific. I was concerned, partly because I approved the announced policy of the government and disapproved the idea that this service should be turned over to Canadian Pacific Air Lines or to any private company. I was also disturbed because it seemed to me that this kind of thing has happened too often. We have had an understanding as to what government policy was with respect to one matter or another. Rumours have appeared in the press that a change was in the offing. We have asked our questions here in the house and have been brushed off, and then in due course the rumours are confirmed. I will not take the time to indicate in detail some of the examples. I could refer to dominion government annuities, which is in another department, or I could refer to the discussions we had a couple of years ago when the government changed its policy in the matter of railways owning and operating air lines. At any rate, because of these rumours that a change was pending, I directed a question to the Minister of Reconstruction and Supply on Thursday, May 6, 1948, as recorded at page 3653 of *Hansard*. My question had two parts, but I will deal at this moment only with the second part, in which I asked:

> Is it still government policy that when this service is put into effect by Canada it will be by the government-owned air line, and not by any private company.

The reply made by the Minister of Reconstruction and Supply to that part of my question was in these words:

> So far as government policy is concerned, I dare say when the matter is considered the government will be able to announce its policy.

I went on and asked:

> Has there been any change?

But I got no answer to that supplementary question.

To me that exchange seemed to underline some of the rumours that I had heard about a change in policy, because never before, at least not since 1943, had there been any reluctance on the part of the government or of any of its ministers to state its policy in this field quite clearly. Therefore, at the first opportunity, namely, when the house was asked to go into supply on Monday, May 10, I raised the matter again. I felt, to use language that hon. members will understand, that I was leading with my chin, sticking my neck out and going out on a limb in asking the question that I put to the minister. I quite expected that he would slap me down—that is, the Minister of Trade and Commerce—in his own inimitable fashion.

Mr. SINCLAIR: Was your chin on a limb?

Mr. KNOWLES: We are getting our figures of speech a little bit mixed.

Mr. SINCLAIR: I think so.

Mr. KNOWLES: I fully expected the minister to tell me that I was wrong in my suspicions; that the rumours had no foundation; that the policy of the government was

just as firm as it had been across the years. I was quite prepared to be slapped down in that way, because that is the answer I would like to get. I wanted to be assured that there had been no change; that the government was still adhering to the definite policy which was announced on April 30, 1946, namely, that the service across the Pacific would be operated by Trans-Canada Air Lines. But no, the Minister of Reconstruction and Supply that night did not see fit to treat me in the manner which I had anticipated. In other words, I was disappointed again. Instead, he told me that the subject was one the responsibility for which had been transferred to another minister, and therefore he refused to answer. When the hon. member for Rosetown-Biggar pressed the point and suggested that at least there might be an affirmation or a denial of the policy the Minister of Reconstruction and Supply still refused to give an answer. He had taken the responsibility of giving an indefinite answer on May 6, but on May 10 there was no answer at all.

Accordingly, Mr. Chairman, on May 14 I decided to ask the question again, this time directing it to the Minister of Transport, in view of the suggestion of the Minister of Reconstruction and Supply that this matter would now come under the Minister of Transport. There is a little confusion here, but I will merely state the situation. I do not wish to make out that there is anything particularly wrong, but I want to point out the confusion. It seems that now all matters relating to civil aviation having to do with the granting of licences and the oversight of the air transport board; matters relating to meteorological services, radio and so forth, come under the Minister of Transport, but the ministerial responsibility for Trans-Canada Air Lines is still under the Minister of Reconstruction and Supply.

Mr. CHEVRIER: Trade and Commerce.

Mr. KNOWLES: All right, the Minister of Trade and Commerce; the same rose by a different name. But when I considered the question of this service across the Pacific I confess that I was not quite sure which minister I should question, because if it was a matter of aviation policy that would seem to bring it under the Minister of Transport; but if it was a matter of going ahead with an announced decision on the part of Trans-Canada Air Lines as indicated in *Hansard*, August 30, 1946, it seemed to be under the Minister of Trade and Commerce; but at any rate—

Mr. SINCLAIR: Engine failures come under the Minister of Fisheries.

[Mr. Knowles.]

Mr. KNOWLES: I am glad to note the interest of the hon. member for Vancouver North, and I shall be glad to hear from him later. At any rate, having been referred to the Minister of Transport, I directed my question to him on May 14, as recorded on pages 3941 and 3942 of *Hansard*. This was my question:

> Is it still government policy that all air transport services across international boundary lines and outside Canada will be operated solely by Trans-Canada Air Lines?

I may say that question was framed in the language of the Prime Minister's original announcement back on April 2, 1943. The rest of the question was:

> Will this policy apply when Canada implements her part of the agreement for air service between this country and Australia?

Again I hoped for the kind of answer that might make me look silly, but no, this was the answer I got.

Mr. MacNICOL: You will have to learn to change your opinion once in a while.

The DEPUTY CHAIRMAN: Order.

Mr. KNOWLES: I will let hon. members judge as to who looks silly as a result of this answer. The Minister of Transport replied:

> Thus far no change has been made in government policy with respect to trans-Pacific air services. If and when a change is made, it will be announced.

I hear someone behind the curtain saying "good." He has come in now. Good. That answer may seem to be a proper ministerial reply, but when you add up these three answers I had on May 6, 10 and 14, and note that all of them have been statements to the effect that the matter will be announced in due course—

An hon. MEMBER: Can't you take a hint?

Mr. KNOWLES: Oh, yes; the hint is very clear. That is why I am speaking on this matter again. When you compare these indefinite answers with the categorical and definite statements of policy we had in 1943, 1944, 1945, 1946 and 1947, I submit that the newspaper stories which suggest that a change is coming are probably pretty much on the beam.

I wish to protest in advance if that is what is coming, because I disagree with the idea of giving this service to a private company. I protest also for the reason that I dislike the government treating either one member of parliament or the House of Commons as a whole in this way. If a change has been made we should not be given these conditional an-

swers. If the policy holds, I think the government should say so quite definitely.

In my previous questions I did not name any company, but it is obvious there is only one company in the air business that could undertake such a service as the transpacific service, namely Canadian Pacific Air Lines. In one instance, Canadian Pacific Air Lines is operating across an international boundary from the Yukon into Alaska on that northwest staging route, but the government's policy in this regard is maintained technically by the device of the C.P.A. doing the job for Trans-Canada Air Lines. If that same device is to be employed in the Pacific, I suggest it is going a little too far with that kind of arrangement. I will not go into all the arguments as to government versus private ownership and operation in this field. They were gone into very well by the present Minister of Trade and Commerce back in the years 1944 and 1945, and in fact throughout the time he had the responsibility for civil aviation.

The minister made it clear that he did not want to see the experience this country had in the building up of railways repeated in the air service. In fact he made the statement a number of times that he was determined to make Trans-Canada Air Lines so strong a company that neither its friends nor its enemies could hurt it at any time in the future.

I thoroughly agree with that, and I dislike the suggestion that is coming now that we are to have a break in this excellent policy. I support to the hilt the policy the government has followed thus far in international air services and with respect to the trancontinental line as well. I deplore the suggestion that we may have a break in this policy by giving the important transpacific service, costly to begin with but important in terms of future potentialities, over to Canadian Pacific Air Lines.

I have gone farther tonight than previously in the hope that if I am wrong the minister will say so and make the kind of categorical statement we have had in previous years. If rumours and suspicions are right, that a change of policy is coming, I suggest to the minister that he should let us know and not keep us guessing in the manner that has been followed with respect to certain other matters.

Mr. LOCKHART: Before I ask the main question which I have risen to put to the minister, I may say that it came to my attention over the last week end that, following some inquiries a few months ago about the type of parlour-car service operating between Toronto and the borderline for New York connections and so on, we at long last had one of the more modern parlour cars put on that route. They told me on Saturday, however, that it has been all taken off permanently and we are back on the old schedule again. I thought I would mention that to the minister to see whether he could tell me what the actual situation is.

On Friday when I was unavoidably out of the house the hon. member for Broadview raised the question of a boat service between Toronto and Port Dalhousie in the direction of Dalhousie. He crossed the lake in one direction and I shall cross it in the other. I am travelling now from Port Dalhousie to Toronto.

I wish to endorse what the hon. member for Broadview said and to ask the minister whether at last the very unserviceable equipment which is used on that route, serving 75,000 people in the Niagara peninsula, will be improved. Is there any hope that more adequate equipment can be provided, so that the people may have a little less fear in travelling on that boat service between the Niagara peninsula and the city of Toronto?

Mr. CHEVRIER: With reference to the abandonment of the parlour car, I shall certainly bring that to the attention of the officers of the railway immediately.

Mr. LOCKHART: Thank you very much.

Mr. CHEVRIER: So far as the *Northumberland* is concerned—that is, I presume, the ferry boat to which the hon. gentleman refers —that is a question that came up for discussion at practically all times when these estimates are before the house for consideration. The Canadian National Railways give consideration to these representations which are brought to their attention, but repeatedly when that is done they point to the fact that the operation of this ferry boat is not a very profitable one. After all, while it may be true in general terms that the railway cannot look exclusively to profit, at the same time, if it does not, there is bound to be an increasing deficit.

Mr. LOCKHART: The people are afraid to go on the boat.

Mr. CHEVRIER: The position with reference to the *Northumberland* is that for the year 1947 the gross revenue was $193,000 and expenses, $208,000, leaving a net revenue deficit of $15,000. I do not make that statement to imply that improvements cannot be made. That is, however, not the point. I think the committee should know the financial position. Having regard to that, the Canadian National Railways feel that they cannot put into operation a new steamer, and that is what has been

requested. I do not know whether the hon. gentleman asked it, but the hon. member for Broadview has brought it forward before. That improvements should be made to the ferry I agree, and all I can tell my hon. friend is that I shall bring these representations to the attention of the officers of the railway.

Mr. KNOWLES: Has the minister no reply to my remarks?

Mr. CHEVRIER: To the remarks the hon. member has made, the reply is very simple. He has repeated this speech now at least twice if not three times.

Mr. KNOWLES: That is right.

Mr. CHEVRIER: If he wishes to make it a fourth time I suppose I shall not be able to stop him.

Mr. KNOWLES: When you give a definite answer I will quit.

Mr. CHEVRIER: The answer is the same as it was then and I cannot add one iota to what was said then. I cannot add anything to what was said by my colleague, the Minister of Trade and Commerce, and when I can add anything to what was said by both of us I shall be glad to announce it to the house.

Mr. KNOWLES: When the minister says that the answer would be the same as it was then, does he mean the same as it was last week or the same as it was in previous years?

Mr. CHEVRIER: I am referring to the reply I made myself and that is the reply I made last week. I have just taken over these services. It could not be a statement made by a previous minister.

Mr. KNOWLES: Friday of last week.

Mr. CHEVRIER: I can only refer to the statement I made on Friday of last week. It is the same as that.

Mr. CASTLEDEN: If the minister will make a statement with regard to the board of transport commissioners and the question of branch lines I feel sure that will be helpful to members who have these problems in their constituencies. The problem which I have to present is unique, I think, in the fact that I believe it will require for its solution the co-operation of both the large railway companies of Canada. There are some thousands of square miles of agricultural territory west of Yorkton that are fairly well developed, with a number of villages along two spur lines, in which the people are today in receipt of a sort of dead-end service which is inadequate to meet the situation. It seriously isolates these people; and they feel it severely and have been somewhat concerned about the situation for a number of years.

These spur lines were built in the heyday of railway construction in the west, when the two railway companies were trying to head each other off. The line running out of Yorkton to Parkerview was built by the Canadian National to head off the Canadian Pacific from coming into that territory. The Canadian Pacific went into Foam Lake and ran a branch line southward, to cut off development by the Canadian National from Foam Lake to Wishart. I do not believe that those two branch lines should be penalized because of the action in those days.

The people have been searching for some kind of solution and some constructive suggestions which they might make with regard to coming to some solution. Boards of trade, rural municipalities, and village councils have had meetings. After discussing the matter, they thought probably a petition from the people in that area might help. Today I am in receipt of several hundred more signatures. They are coming to my desk frequently and will be forwarded to the minister when they have all arrived. I should like to point out what the petition asks for. It reads as follows:

The petition of the undersigned citizens of the Dominion of Canada humbly sheweth:

That the present situation with regard to passenger, mail and freight service on the Yorkton-Parkerview, Canadian National Railways branch, and the Foam Lake-Wishart, Canadian Pacific Railway branch, is completely inadequate to serve the residents in those areas, who are dependent on these branches for railway services;

And that the railway companies have failed to provide improved services on the grounds that it is too costly under existing arrangements on spur lines;

And that we believe that the production and population in this area warrants improved railway facilities;

Wherefore your petitioners humbly pray that the Canadian Pacific Railway, the Canadian National Railways, and the board of transport commissioners, and the Department of Transport do immediately undertake the solution to this problem, to which end we humbly submit this plan:

(1) One or other of these companies purchase the right of way, and other properties belonging to the other railway;

(2) Then by joining up the two branches and continuing the construction of the railway either to Wynyard, or some other point on the Canadian Pacific Railway, or Raymore or some other point on the Canadian National Railways, proper through service can be provided to the residents of this area of Saskatchewan from Yorkton to the other terminating point.

I do not know what the possibilities are, how far the minister can go or to what length the board of transport commissioners can go.

But since the minister has set up this committee he spoke about this evening, it seems to me that, through such an organization as that, the two companies could investigate the possibilities of each one buying out the other's rights, and then by joining up the two, giving a through service.

Mr. CHEVRIER: So that there will not be any misunderstanding, may I tell the hon. gentleman that the committee I referred to a moment ago was not a committee of the board of transport commissioners. It is a committee of the Canadian National Railways that are studying the whole question of branch lines. They have reported, as I mentioned a moment ago, that they placed all branch lines in two categories.

Mr. CASTLEDEN: Yes, thank you. There are possibilities, however, of similar committees on the Canadian Pacific. I think it will require the getting together of the two companies in order to bring about a solution of this particular problem. I trust that the minister will have looked into and reported on the possibility of some such solution as this. I can assure him that he can certainly have from any of the members all possible assistance, and the appreciation of the people who live in that area, who believe that something could be done along these lines. If the possibilities could be investigated, that would be as much as I would ask at this time. I will let the minister have the petition.

Mr. CHEVRIER: I shall be glad to have it.

Mr. MacNICOL: I wish to refer for a moment or two to something that was said by members from the maritime provinces, namely, with regard to the proposed Chignecto canal. One of the hon. members, I have forgotten which one it was, hinted at the strategic importance of the proposed canal. As the minister knows, I have spent considerable time in that area, and I plan to spend some more there next summer.

Since last session I have been carrying on a survey, mostly by correspondence, all over the world as to strategic canals. I have arrived at the conclusion that, besides the importance of the proposed Chignecto canal, from a commercial point of view, it is of great importance to Canada, an importance that is increasing more and more as the world foreign picture changes; that is, it is getting more and more important strategically.

The minister knows of a number of canals. There is the Corinth canal which is about four miles in length. It cuts across the isthmus of Corinth in the south of Greece. That canal likely could not be justified in any other way than as a strategic canal, although it is an important commercial link. As far as the kingdom of Greece is concerned, it is of immense importance strategically. That country did not hesitate to put it through. It is a sea-level canal, and it goes through a deep cut, about 100 feet, I believe, at the most. It can be justified on that account.

Then the Italian government built what was called the Victor Emmanuel III canal. That canal, too, is a strategic one. It is some twelve miles long, and has a depth of thirty-two feet. I should have said that the Corinth canal has a depth of twenty-six feet.

Then in the United States for many years there was an agitation, just the same as our maritime friends have had, for a canal across the isthmus at Cape Cod. I would suggest that, when the occasion presents itself, the minister should send his engineering brigade to Cape Cod—that is not far away—and let them examine what was done there. That canal is seventeen miles long. It, too, is a sea-level canal. There is a tide at each end of from four to six feet, and there is a current of some five to six knots. That was just not the easiest engineering problem to overcome, but a sea-level canal was put through at Cape Cod which, during the war, was of vital importance to the United States. It likely saved thousands of lives and many ships. It means to the United States just the same as the canal across the Chignecto isthmus would mean to Canada, from a strategic point of view.

Then the minister perhaps knows about the Chesapeake-Delaware canal, from the Chesapeake river to the Delaware river. That canal is eighteen miles long and has a depth of thirty-five feet. It was not the easiest canal in the world to build, but it, too, is a sea-level canal between those two rivers. It is important to the United States.

Everyone knows of the Kiel canal. That, too, is a sea-level canal, sixty-one miles long, from the North sea to the Baltic sea. That was built by the Germans, and is also a strategic canal.

Then there is the Suez canal built by the British. That canal is 100 miles long. It was not so hard perhaps to build, because it was built through sand, but it has been of vast important to the British empire as a strategic canal.

Our United States friends built the present Panama canal, which has many locks. I am not going to refer to that particularly, but it is also a strategic canal and no doubt is rapidly paying for itself. They are now planning on building a sea-level canal across that isthmus

at a cost of perhaps $500 million. On the west side they have a twenty-foot tide to contend with. That is not as bad as Chignecto, where the tide is still higher. I appreciate the difficulty presented by the tide of the bay of Fundy in connection with the Chignecto canal; but our United States cousins are planning on a gigantic lock at the west end of the proposed new Panama canal, into which ships will come when sailing east, and out of which they will sail into the Pacific ocean when going west.

I am going to point out that today the question of strategy is so important that I could understand the Chignecto canal being built by the Department of National Defence, so that the minister's department would not be charged with building a commercial canal, which I would support. I associate myself with what has been said this evening by the hon. member for Cumberland, the hon. member for Royal, and the hon. member for St. John-Albert. As a commercial undertaking, I am sure the Chignecto canal would be a success, but there can be no argument whatever as to its success as a strategic canal. The minister can see that as well as anyone else. I recognize the problems that must be faced, but perhaps we could take the matter off the shoulders of the minister and transfer it to national defence. It is a matter of vital national importance to this country, and during the last war many lives would have been saved if that canal had been constructed.

The United States has expressed her willingness to co-operate with Canada in building the St. Lawrence seaway; at least the proposal has not yet been killed in the United States senate. That being so, I suggest that they might welcome the opportunity, if we wished to let them in on it, to co-operate with us in building this canal as a continental defence measure. I do not make that suggestion; perhaps it would be going much too far, but since we are co-operating with them in defence matters in the north, here is a canal just as vitally important to the defence of the United States as to the defence of Canada, and to my knowledge that point has never been emphasized.

I should like to say one further word altogether apart from canals. We have heard quite a bit this evening about subways. As the minister knows, the main line of the Canadian Pacific cuts across Toronto south of Davenport road and north of Dupont street, and at present there are under it seven subways on seven important streets. One of the main streets, however, has been overlooked so far as the construction of a subway is concerned. I refer to Dufferin street, which is an old county road and which will become a main artery as far north as Orillia. In Toronto it runs right down to the main entrance of the Canadian National exhibition grounds. I am not so sure that the department has not already looked into the question.

Mr. CHEVRIER: Yes; the application is before the board.

Mr. MacNICOL: I am very glad. That shows how I keep in touch with these matters. I try to do so, but, as someone said earlier tonight, we are not always advised of these applications and do not know of them.

Mr. CHEVRIER: Five applications from the city of Toronto are before the board.

Mr. MacNICOL: Of course you could not expect me to be other than in favour of the Dufferin street subway, because that is a main north to south artery in Davenport riding. I seldom mention anything about my riding because I am trying to help the whole of Canada, in the firm belief that the more I can do for all Canada outside Toronto, the more I am doing for Toronto. I realize that the city of Toronto depends upon the rest of Canada, that the prosperity of the rest of Canada means the prosperity of Toronto; and I have often said there is no better way I can help my riding or the city as a whole than by seeing the rest of Canada prosper and expand. In this case, however, the subway would be in Davenport riding. I do not believe I have asked in this house for a public works for my riding as long as I have been here; I can hardly get down to that kind of stuff only. However, I leave that thought with the minister. I am glad to know the matter is under consideration, and I very much appreciate his kindness in telling me so.

Mr. CHEVRIER: Perhaps I should add also, as I told another hon. member this evening, that the board will be in Toronto to deal with these projects early next month.

Mr. CRUICKSHANK: For a change, Mr. Chairman, perhaps someone from this side of the house might be permitted to say a word. We would appreciate the privilege of showing, through you, that we do belong here, and that occasionally we take part in the debates. I am sorry the hon. member for Winnipeg North Centre did not take up the matter I intend to deal with, since he has spoken on everything else in this house and, in his own estimation, is an authority on every matter. If he had brought this matter up it would have saved me the trouble.

Mr. KNOWLES: You did not ask me.

Mr. CRUICKSHANK: The matter I have in mind definitely concerns my riding and, unlike the hon. member for Davenport, I have no hesitation in speaking about such matters.

Mr. SINCLAIR: What is your riding?

Mr. CRUICKSHANK: I have occasionally mentioned the name here: Fraser Valley. I was elected here with or in spite of the assistance of the hon. member for Vancouver North, and I am going to speak on behalf of my riding and on a matter in which I am personally concerned.

Mr. SINCLAIR: It is a personal matter, not like whaling?

Mr. CRUICKSHANK: If margarine is finished I shall carry on.

An hon. MEMBER: Whale oil.

Mr. CRUICKSHANK: I would not go so far as to say whale oil; there is only personal profit in that.

In my riding we have a branch of the Canadian Pacific railway running a distance of 10·1 miles from Mission to Huntingdon. I took up this matter with the minister on his estimates last year, and I am going to quote from a letter he wrote me following the discussion at that time. This branch of the railroad runs behind a dike protecting the land from floods on the Fraser river, which at the present time are rather serious; yet the Canadian Pacific has never paid five cents in diking tax for this protection. I am going to quote this letter, because it shows that the president of the Canadian Pacific Railway Company was either deliberately giving the minister false information, or that he was misinformed. I want to place this on record because I was not permitted to rise a few minutes ago, and as a result this debate will certainly not be finished by eleven o'clock. Under date of November 3, 1947, the minister wrote me as follows:

> The Mission subdivision extends from the main line at Mission, B.C., southerly for a distance of 10·1 miles to Huntingdon. It was placed in operation in June, 1891, that is, prior to the construction of the Matsqui dyke. The company from time to time has been requested to contribute toward the cost of the Matsqui dyke, but has consistently refused on the ground that the dyke does not benefit the lands of the railway company. Under the drainage, dyking and development act of British Columbia provision is made for the exclusion from a dyking district of lands not benefited. In 1895 a court of revision, because the company's land did not benefit, exempted the company from assessments in connection with the dyke.
>
> The only grade revision on the subdivision took place in 1912, when a long timber trestle was replaced. As a result of the replacement, the track was lowered approximately five feet for a distance of approximately three thousand feet. This grade revision was in no way dependent upon or connected with any dyke or other protective facility.

I could go on reading from this letter, but I wish to point out to the minister that either the president of the Canadian Pacific Railway Company was misinforming the minister, or he was ill-advised. I walked that distance in gum boots through two feet of water in the flood, and watched a locomotive go through under that water. Perhaps the minister could tell me how the president of the Canadian Pacific Railway Company is any way affected by this protection.

Perhaps I might give some facts and figures in connection with this. Mind you, this is a railway with millions of dollars invested in it, and making millions of dollars too. It was the best of all the lines they had during the war—all the lines of the Canadian Pacific Railway Company. It has never paid five cents in protection.

Here are the actual figures, and I defy the minister—I must correct myself; I was going to say his friends—I defy the minister or those gentlemen of the Canadian Pacific who gave these either deliberately falsified or misdirected statements. Here are the levels of this branch of railway from Huntingdon to Mission. The dike was constructed, after the break-in in 1904 or near that date, to an elevation of 28·37. Here are the flood levels:

	Flood Levels
1894	26·37
1921	22·70
1936	22·61
1920	22·35
1903	22·30

I ask the committee to take note of these levels of the Canadian National Railways, top of rail. These are the railways we own, that the people of Canada own. And I draw attention to the point where they cross the Canadian Pacific railway. Mark you, this is the Canadian National Railways, with millions of dollars invested in it. And I alone have paid over $300 a year diking tax. The level at Gifford is 24·15; at pump No. 1, 22·9; at Diamond, where is crosses the Canadian Pacific, it is 24·57.

And I will just give the point where Cruickshank pays $300 on his own farm at the township road, where it is 21·8, and the flood was at 22·35 in that area.

The minister has the courage to send a letter such as that from the Canadian Pacific to me, and then to tell me that we should have an increase in freight rates of 21 per cent,

because the Canadian Pacific treat all parts of Canada fairly, and because they assume their full obligations in all parts of Canada! The fact is that right today we are very much afraid, on account of the climatic conditions in the coast this year, that we may have another flood.

No government since I have been connected with politics, and long before, has had the courage to say to the Canadian Pacific where they should go and what they should do. May I say I am disappointed in the attitude the government has taken in this matter to date. I am sorry I have not all the information with me, showing what the board of transport commissioners have said. I would very much like to read it all. I know the minister does not know all this, because I know him very well and I do not think for one moment that he would permit the Canadian Pacific to dictate to this or any other government, as they are dictating at the present time.

I am sorry to take up further time, but—and it is all very well for some of my hon. friends to laugh; but this is a serious matter for the farmers in my district.

Mr. MacINNIS: Just convince the minister.

Mr. CRUICKSHANK: I know where the hon. member for Vancouver East would be in this, because his party feel as keenly about this as I do, so far as that particular area is concerned. I might even get a little support from the hon. member for Vancouver North if I talk long enough.

Mr. SINCLAIR: He is for you now—a free trader, and a great Liberal.

Mr. CRUICKSHANK: I seem to get a great deal of assistance when I make a speech around here. But those who cannot tell the story on behalf of their own districts envy one who can speak on behalf of his district.

Mr. SINCLAIR: And so clearly, too.

Mr. CRUICKSHANK: I could come back on that, but I think I had better not.

Mr. SINCLAIR: You had better adjourn the debate.

Mr. CRUICKSHANK: I will say this, that I represent the farmers in my riding, and to the best of my ability I think I make a pretty good job of it. I do not need any assistance or interruptions from those who spend most of their time in visiting outside the house, and who do not stay here to fight on behalf of their constituents.

I say it is a disgrace to this government or any other government to permit a railway to avoid taxation. Mark you, this is a revenue producing line, making many millions of dollars, and we farmers have to pay for it. The last time the dike was wrecked the Canadian National was out for forty-eight hours. The hon. member from the Vancouver district who has been interrupting knows that just as well as I do; and that affects not only Fraser valley, but the whole of British Columbia.

For the railway company through the minister to submit to me a letter stating that they are not affected at all, after I have set out their levels and have told them that their railway was under two feet of water; for them to tell me that it is not a matter of national concern and that they should be allowed a free hand, in the face of this 21 per cent freight increase, and when they can pay only seven cents an hour increase in wages, is not good enough.

I would ask that it be called eleven o'clock, and that the minister prepare a statement for me when we resume again.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What is the business for tomorrow?

Mr. FOURNIER (Hull): Tomorrow we shall resume the debate on the second reading of Bill No. 300, to amend the Canada Shipping Act, 1934. If that bill is passed we shall go into committee of supply to continue the estimates of the Minister of Transport. At eight o'clock, as previously announced, the Minister of Finance will bring down his budget. I understand that the budget debate will be adjourned by a member of the opposition. Then, if the Minister of Transport has not concluded his shipping bill or his estimates, he will continue. If this work is completed we shall resume debate on the second reading of Bill No. 280, to amend the National Housing Act, 1944.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, May 18, 1948

The house met at three o'clock.

MISCELLANEOUS PRIVATE BILLS

FIRST AND SECOND REPORTS—CONCURRENCE IN FIRST REPORT

Mr. RALPH MAYBANK (Winnipeg South Centre) presented the first and second reports of the standing committee on miscellaneous private bills, and moved that the first report be concurred in.

Motion agreed to.

JAPANESE MINES

MENACE TO NAVIGATION NEAR WEST COAST OF VANCOUVER ISLAND

On the orders of the day:

Hon. BROOKE CLAXTON (Minister of National Defence): Mr. Speaker, yesterday the hon. member for Comox-Alberni (Mr. Gibson) asked me what steps are being taken to search out mines that are reported floating near the west coast of Vancouver island. I should tell him that these mines are loose, and cannot be dealt with by minesweeping. Navy tugs and other small vessels are used for locating and destroying the mines. During the past two years sixteen mines have been found and destroyed. As the hon. member will see, the number is not large.

Mr. GIBSON (Comox-Alberni): May I ask a supplementary question? I think the minister is familiar with the mine problem of the Pacific coast, arising of course from the breaking loose and drifting of Japanese mines. It will probably last a year or two. In view of the increasing frequency with which these mines are being found, will the minister consider instructing the officials of his department, in co-operation with those of fisheries and transport, to carry out an additional patrol of the Pacific coast? The matter will be a serious one in the coming year.

Mr. FRASER: Send the Canadian coastguard after it.

Mr. CLAXTON: The situation is being carefully watched. I believe there is some indication that the number of mines is increasing, but still the figures are not large. The officers of the Department of Transport as well as those of the Department of Fisheries and the Department of National Defence are co-operating in watching the situation, and they will take any steps that seem justified by conditions.

EXPORT TRADE

BRIEF OF CANADIAN EXPORTERS ASSOCIATION

On the orders of the day:

Mr. JOHN BRACKEN (Leader of the Opposition): I wish to direct a question to the Minister of Trade and Commerce. It has to do with a report of the Canadian Exporters Association that the decline of Canadian sales in British empire markets has reached alarming proportions and that some lay-offs in employment have already been necessary in exporting industries. I wish to inquire whether the brief of the Canadian Exporters Association has been received and what is the nature of the reply the government has given or intends to give.

Right Hon. C. D. HOWE (Minister of Trade and Commerce): Mr. Speaker, the brief mentioned by the leader of the opposition was received, and the nature of the reply is now receiving consideration. I might say that the brief does not refer to the United Kingdom market but to the markets in other British dominions. The fact of the matter is that each British dominion has its own austerity program, similar to that of Canada, and any decrease in imports from Canada is dictated by internal restrictive regulations of a type similar to those which we are facing in Canada.

Mr. BRACKEN: It refers more to the sterling area.

Mr. HOWE: That is correct.

FLOOD CONDITIONS

QUESTION OF ASSISTANCE TO FARMERS IN MANITOBA

On the orders of the day:

Mr. WILLIAM BRYCE (Selkirk): Mr. Speaker, I wonder whether the parliamentary assistant to the Minister of Agriculture has an answer to my question of yesterday.

Mr. ROBERT McCUBBIN (Parliamentary Assistant to the Minister of Agriculture): The question asked yesterday by the hon.

member for Selkirk was drawn to my attention this morning, and I can assure him that serious consideration will be given to the matter when the minister returns.

IMMIGRATION

SHORTAGE OF SHIPS FOR PASSENGER TRANSPORT FROM UNITED KINGDOM TO CANADA

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): Mr. Speaker, I should like to direct a question to the acting Minister of Mines and Resources. I have had a great number of letters lately in regard to the difficulty in getting transportation from England to Canada. Does the minister know whether there is a shortage of ships or can he tell the house anything about it?

Hon. J. A. MacKINNON (Acting Minister of Mines and Resources): For a considerable time there has been a great deal of difficulty —and it still exists—in connection with passenger transportation from the United Kingdom to Canada. As to the announcement I made recently with reference to bringing immigrants to Canada by air, one reason for that arrangement was the great shortage in shipping facilities.

Mr. FRASER: There is a delay of four months, and I was wondering if anything could be done about it.

CANADA SHIPPING ACT

AMENDMENTS TO ACT OF 1934

The house resumed from Monday, May 17, consideration of the motion of Mr. Chevrier for the second reading of Bill No. 300, to amend the Canada Shipping Act, 1934.

Mr. JAMES SINCLAIR (Vancouver North): Mr. Speaker, in rising to say a few words on the bill I think I should first commend the minister for introducing it. Each of the amendments in the bill is a definite step forward, either for the protection of the travelling public who use our deep-sea and coastal steamers, or for the improvement of working conditions of the men who serve on those ships.

Some regret may be expressed that all the amendments which might be considered desirable at this time have not been proposed, but certainly a good forward step has been taken.

The minister in his speech used what to me was a startling phrase when he said that seamen had always been favourites of the law. I think that most of us who recall stories of the sea which we read as boys, or who have had some knowledge of the conditions under which our merchant marine seamen work, will be inclined to think that, far from being the favourites of the law, seamen have been favourites for the attention of the law, and that the law which protected the ordinary civilian worker did not afford the same protection for seamen at sea.

The reason for this is a simple one. The master of a ship at sea can scarcely be compared to the manager of an industrial plant ashore, because the manager of a plant ashore has both the police force and the ordinary courts of the country to enforce infractions of the civil or criminal code, whereas the master of a ship at sea has no such help. Moreover, he has the direct responsibility for the lives of all those under him. And so great power was given him. But often with that power there was great abuse, and unfortunately the seamen did not enjoy the protection of the law courts of the country which other groups have had.

Since there are few maritime members, not much attention is paid to seamen's problems. Certainly no one in this house has talked a quarter as much about the seamen of Canada as prairie members have talked about coarse grains. What advantage the seaman has obtained in recent years has been won by himself through seamen's unions in Great Britain, the United States and this country. Whatever improvements have been made, the seamen themselves were the ones to force the issue. They are a difficult group to organize, because of the shifting nature of their employment, and they have been many times at the mercy of the shipowners. The result of course has been to render seafaring not very attractive to the average young Canadian. Too many of our ships are manned by men who did not begin to follow the sea as a career but rather drifted into the occupation, which is not healthy for any form of employment. The efforts of the unions, however, have lifted the lot of the average seafarer and also made the vocation a more attractive one so far as the average Canadian is concerned.

It will be some time, however, before wages and working conditions of the average Canadian seaman will equal those of the Canadian industrial worker, and this for a simple reason. Our seamen come into immediate competition with those of every other nation. It is all very well in Canada, within our single economic union, to lift the working conditions and pay of competing industrial workers, but when Canadian seamen manning Canadian ships have to compete with the ships and seamen of other countries, a very different situation arises.

Senator Paterson put on the record of the upper house the wages paid today to able-bodied deep-sea seamen of various nations. I should like to run over it. The able-bodied seaman in the United States receives $192 per month plus board. Canada is the next highest, paying $170. Look at the other countries with whom we have to compete: Norway, $101, the United Kingdom $96, Sweden $86, Denmark $85, the Netherlands $74, France $79, Yugoslavia $84. Shipowners therefore have a difficult problem in trying to keep Canadian ships in competition against the low wages paid by their competitors.

One of the recent grievances of Canadian seamen has been the fact that though while at sea they accepted ship's discipline, they felt that they should not be under ship's discipline when at home in Canadian ports. The Canada Shipping Act provided that if they left the ship in a Canadian port without being paid off they were deserters and liable to imprisonment, a condition which does not affect the ordinary worker who decides that he does not want to work any longer for a certain plant and leaves it. I am pleased to see an amendment designed to change this condition, so that once the ship has got into a Canadian port and has been properly secured, the Canadian seaman will have the same right to leave his employment as the Canadian industrial worker. There is also provision for proper qualification and certification of Canadian seamen, and this is a positive forward step.

I mentioned earlier that too often the seafarer has drifted into his occupation. Any steps taken to recognize his occupation and to lift its standards will make it a more attractive one, and the provision for a permanent register of certification of able-bodied seamen will be welcome.

I think that this measure might have contained a provision for the training of apprentice seamen such as the Scandinavian countries and Great Britain have provided in the past. The best way to attract young men to the merchant marine as a career is to provide them with merchant marine training on floating training schools such as the Scandinavian countries and the United Kingdom provide for their young men.

The hon. member for Skeena (Mr. Archibald) said that the provision of a continuous discharge book for seamen was the one bad spot in the bill—an amendment, incidentally, introduced by the senate; but I do not agree with this view. I would regard this as one of the good things in the bill, in that a continuous discharge book is a valuable record for the good seaman. At present with individual voyage discharge slips if he has a bad record on discharge he can destroy that slip, which he cannot do with a continuous discharge book on which the entry of his character and qualifications is made by the master. At the end of each voyage, if his record is good, it will do two things. First of all it is the record of a good seaman which he can use to advantage in seeking future employment either afloat or ashore, and secondly, it is an added protection to the public, because, the good seaman being more likely to get employment, it means that ships are better manned. I would heartily support the new change providing for a continuous discharge book, and I hope too that in the discharge book the method the British use for recording qualifications will not be followed. In the British marine a seaman can only be assessed as "very good" by the master, or the master can decline to report on him. There is too great a gap between a good seaman, an average seaman and an inferior seaman. I think the rating which the Royal Navy uses and which goes from exceptional to superior, satisfactory, fair, or unsatisfactory, would be a better range and would be a better assessment for the seaman and for the shipping master hiring seamen.

There is one other feature about such a classification. It is a real assistance to discipline. Today some seamen do not care how they are discharged, whether their discharge slip is bad or good, for they can destroy it if it is bad. But with a continuous discharge book many a seaman for fear of a bad discharge will conduct himself better and be of more help on the ship than he would if he knew that, at the end of the voyage, he could tear up his discharge if it is unsatisfactory.

The provision for the right of the dependents of a seaman to launch an action in case of a fatal accident is another step in bringing the seaman as a worker more in line with industrial workers in Canada. The dependents of the industrial worker for some years have had the right to sue the employer in the case of an accident which resulted in the death of the breadwinner. The provision to extend that right now to the dependents of the seamen is another forward step.

The schedules at the end of the bill are also improvements. There is provision for medical examination of the men on the ship before they start on a voyage. That is certainly an excellent practice to follow in any industry where the men are at such close quarters for long periods of time. The provision for examination of the food and the certification of the cooks is another excellent one. I know that at home in

British Columbia, in our mines and logging camps, the morale of the camp pretty well depends on the ability of the cook. That condition is, I imagine, even more marked at sea. The proper qualification of cooks, certification before they embark on voyages, and the examination of food, will do much to improve the working conditions of the men who are afloat.

Having said some agreeable things about what the bill contains, perhaps I should express regret that there are certain provisions it does not contain.

The people of British Columbia and the daily press have been most anxious to obtain better protection in the way of radiotelegraph for our coastal steamers. We have had two or three wrecks with fatalities in recent years, partly attributable to lack of rescue equipment and lack of proper radio services to attract rescue equipment. There are two things about British Columbia, of which perhaps eastern members are not aware, although we British Columbians try to keep others well posted on the virtues and qualities of our province. One thing is the large volume of coastal passenger traffic we have on our coast. The reasons are fairly obvious. We have no north or south road along the British Columbia coast; the most northerly road ends thirteen miles north of the city of Vancouver. Many people in the city of Vancouver have never been on a train, but have nevertheless travelled up to Alaska and down to California by boat.

The second thing is the fact that we have many islands—one very large one. It is not perhaps as famous as the island in the maritimes, but it is bigger in point of size, population and wealth. Vancouver island has a population of 200,000. Access back and forth between the mainland and these islands is naturally by boat. We have in addition a great volume of traffic, particularly in the summer, up and down the mainland coast. Most of the people on the lower mainland have summer homes or spend summer holidays in little resorts on the lower hundred miles of coast. One of the heaviest movements of people up and down the coast occurs in the summer months, the little coastal boats often carrying 1,500 and 2,000 people. Then there is the United States deep-sea traffic plying between United States cities and Alaska, in which use is made of our waters. For these reasons we have a much heavier coastal passenger traffic, I think, than any other part of Canada.

The second point I raise is the nature of our coast. Of course at times we are prone to use ecstatic terms about our mountains, inlets and islands, our blue seas, and so on. But these things have another side. The coast of British Columbia is heavily indented by long fiords—there are thousands of little islands, reefs and shoals, strong tides and winds—and is an extremely dangerous coast to navigate. The very low record of wrecks we have had in the past has been attributable mainly to the great skill of our navigators. They get little help from lights or signals, and some navigators call it the black coast. If you come up north by water from Seattle in the state of Washington to the United States border, there is never a time that you cannot see a light behind and a light ahead. Once you come to the British Columbia coast, navigation lights are few and far between. It is the rare stretch where you can sight one light. Having left one light behind, you maintain a reckoned course as best you can, allowing for wind and tide, until you open up the next light. The disastrous accident we had last fall with the loss of the *Gulf Stream* was the result of failure to open a hidden light. Passing on to the north, once you get past the Alaska border, again the seaway is almost as bright as the main street in a city. These conditions—the blackness of our coast, the narrow inlets and many islands, our long fiords, our heavy rain in winter, and even worse, our fogs, all combine to make coastal traffic on the British Columbia coast a matter of proceeding through perilous waters. That is why we feel that the coastal traffic should be protected in every possible way, especially by sufficient wireless apparatus and operators to enable a call for assistance to go out in case a boat strikes a reef, a rock or another boat, and a disaster occurs.

It was the intention that the Canada Shipping Act should provide such protection, because there is a provision, which is in the original bill although it is not included in the amending bill, to the effect that any ship carrying fifty or more passengers more than 200 miles from place to place, must carry a radiotelegraph operator. If the ship carries 250 or more passengers, it can go only ninety miles without a telegraph operator, and a ship carrying more than 500 passengers can go only twenty miles without a telegraph operator. I presume that clause was framed with good intentions, but the steamship companies get around it in an easy way. The framers of the act, when they used the phrase "from place to place", were probably thinking in terms of proper harbours to which a ship could return when in distress, and from which aid could go out in the way of salvage tugs or high speed launches, a harbour at which there would be listening posts watching for signals.

On the British Columbia coast the places which can be so described include only Vancouver, Victoria, Nanaimo, Port Alberni and Prince Rupert, the public harbours. The steamship lines get around this regulation because of the words "place to place". On a trip north to Prince Rupert, a ship carrying 400 passengers going 500 miles—a thousand mile round trip—can easily avoid carrying a radio operator by stopping at some point; before reaching the 90 limit mile they can stop at a little logging camp or some little fishing village, or any place where there is a float, just as long as they stop and start again thus beginning a new voyage. I submit that the intent of the act is being evaded by that practice, and the people of British Columbia want to see that provision complied with. When we are in committee I intend therefore to move an amendment to section 406, changing the word "place" to the words "public harbour", in order that these provisions, which are sensible provisions, as applying to the type of ship that can go on voyages of various lengths, shall apply to voyages between public harbours, places from which aid could go to a ship in distress.

The ship operators, of course, being aware that they are evading the spirit of the law, tell the public that all is well because they now have these new radiotelephones and the masters and men can operate them without radio operators and can call help immediately in case of need. This may sound plausible enough, especially to an ordinary civilian who realizes what a great advance the radiotelephone is over the old radiotelegraph using the Morse code. The actual fact of the matter is that the very opposite is the truth as far as the use and practicability of the radiotelephone and radiotelegraph are concerned on the British Columbia coastal ships.

In the first place the radiotelephone is a much more intricate mechanism than the ordinary radiotelegraph sending machine. It is much more likely to get out of order, because it is more intricate, and neither the skipper nor the mate has the skill to repair such an apparatus. Then the radiotelephone, both the sending and receiving machines, must be accurately tuned. Mistuning, as you know from experience with radio sets in your own homes, blurs speech and signals. In the third place, unintelligible speech over a radiotelephone may well ruin the whole point of the message. We all have had this happen when listening to the radio. Occasionally we may have heard ourselves on the radio, and at times I am sure we have been amazed at the way we blurred and slurred our own speech, even we who are accustomed to speaking. How much more likely is a mate or a master, in time of emergency, rushing to a radiotelephone with which he has had very little practical experience, to blur and slur his speech and make his message unintelligible to anyone receiving it at the other end.

Ordinary radio interference from other electrical apparatus on the ship affects a radiotelephone signal very much more than a radiotelegraph signal, because of the very much higher frequency of radiotelephony. The same is true of static. We all know the effect of static on most radio sets, especially car radios; and that, too, is a factor to be considered in the dispatch of messages by radiotelephone. Our British Columbia coast is described by those with radio experience as being extremely spotty, by which they mean that reception is good at times but that in the same spot an hour or two later it may be very bad. This also leads to the condition known as fading, under which a radiotelephone message simply fades out, another experience I think most of us have had with our own radios at home.

The next feature is the nervousness and excitement of the operator, if he is not a competent radiotelephone operator. If the boat has run on a rock or has run down a fishing boat, and the master or mate goes to operate the fairly complex radiotelephone, it is quite likely he will turn the wrong switch or do the wrong thing or forget part of the routine necessary in the operation of such a machine.

Another possibility is the jamming of a distress call by the many fishing boats and tug boats on our coast, all of which use the same channel as the coastal steamers. The radiotelephone is a great thing for the tug boats and fishing boats on our coast, enabling them to maintain contact with their base and to pass messages back and forth. The one channel we have is filled almost all the time; and any coastal ship attempting to break into that channel with a distress signal would have very little hope of getting through.

Another point is the failure of the radiotelephone channel allotted to coastal ships in British Columbia to reach the deep-sea ships which are also plying our coast and which operate on another frequency. But the last and most important reason that the radiotelephone operated by the master or mate is absolutely inadequate and insufficient for real protection is this. The most important thing about sending a message from a ship is not so much that it be sent but that it be received. The very

best distress message sent out would be valueless unless somewhere in the area someone else was listening. Of course the classic instance of that was the *Titanic* disaster. At the time the *California* was only twenty-five miles away, but the operator had gone to bed and did not hear the distress call. If every coastal ship on the British Columbia coast with radio service is to have a radiotelephone on the wall, operated by the master or mate when there is need to send out a call, there will be very few people to receive such messages. Other ships will be similarly equipped, and there will be no real listening watch.

On the other hand, a radiotelegraph operated by an operator—or even better still, both radiotelephone and radiotelegraph—provides complete protection both in regard to dispatching messages and in being fairly certain that those messages will be received. In the first place the radiotelegraph as such is a simple mechanism, not likely to be out of order and easily repaired. In the next place it sends a clear and distinct signal. Probably everyone here who has used the radio at all knows that many times when you cannot get a particular program you can hear, loud and clear, the dash-dot-dot of some distant radiotelegraph station. There is also much less interference and static because of the lower frequency used in sending these messages. No jamming by fishing boats is possible, because the operators on fishing boats and tugs are not telegraphers; they use the radiotelephone. The operators on deep-sea ships are all telegraphers and all listen. Finally radiotelegraph is much more reliable, because it is operated by a man whose job it is to run that mechanism and do nothing else. In case the mechanism breaks down, he can repair it. The actual sending of messages is a job for which he is trained; and above all, since this is his only job, he is also maintaining a listening watch for signals from other ships in the area, something which is not done with the radiotelephone, and so can take action when a distress signal is received.

When our coastal ships in British Columbia are forced to carry an operator they often try to save a little money—though the cost of one operator carried on a ship is not very great—by making him perform other duties. They say, "Oh, that man is just sitting up there all day long. That is a lazy man's job. We must make him freight clerk or purser," using him as an operator only when the ship is wrecked and he has to send a signal. Of course the objection there is the main objection to the radiotelephone, the fact that when he has other employment he can not maintain the listening watch which all ships should maintain

to help others in distress. Then, naturally, more and more of his time will be devoted to his other job and he will not spend the necessary time on the maintenance of his equipment, while at the same time he will get rusty in his technique. The argument that it is a lazy man's job could be applied equally to the lookout at the masthead, but what ship could do without him? It could be applied also to the firemen in the fire hall or the policeman on patrol. There are jobs where it seems the chief function is to wait for an emergency which everyone hopes will not occur; but when it does the man must be trained and ready to deal with it.

One other point was raised by the companies in objecting to the campaign waged by the daily press at home for proper enforcement of the Canada Shipping Act as far as radio operators are concerned. They said it was possible for the operator to be a purser or freight clerk if he would rig up a loud-speaker attached to the radiotelephone in his operator's cabin, and as he worked away at his figures as a purser or clerk he could be listening with one ear to the broadcast coming from behind. I have been on these coastal boats a great deal and I have seen these loud-speakers rigged up. If the man is working he has it turned down, because he cannot add figures and at the same time listen to a noisy radio. But far more frequently you will find, rather than the loud-speaker attached to the radiotelephone set being on, it is attached to an ordinary radio bringing music from Vancouver or Victoria, completely ruining the value of such a hook-up.

Actually the present law, if properly enforced, does not permit this dual job of radio operator and freight clerk or purser. The Canada Shipping Act itself provides that in those cases where a radio operator must be carried by a ship he must maintain a daily log, and must make an entry in that log every fifteen minutes when on duty. That is an excellent thing. To begin with, it shows that he is awake, and it also permits him to time any messages he receives with respect to weather or traffic in the area, or any distress signals. The actual time schedule of an operator on duty is given in appendix 4 of the Canada Shipping Act, showing that if this law is enforced and the operator is required to keep a log with entries every fifteen minutes, obviously he cannot have another job such as purser or freight clerk.

Therefore, while complimenting the minister on the excellent amendments he has brought forward to other parts of the Canada Ship-

ping Act, I feel that one thing has been overlooked. I refer to a minor change in section 406 of the act, where provision is made for radio operators on coastal ships. When the appropriate time comes in committee of the whole I intend to move a simple amendment; that this word "place" be changed to "public harbour", which I think was the intent of those who framed the legislation in the first place.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, I wish to say only a few words on second reading. A principle is being introduced for the first time into the Canada Shipping Act which affords ground for some dissatisfaction.

Since the war, Canadian legislation has lost the characteristic of applying to everyone at all times and in all circumstances—a characteristic which has made Canadian legislation, and that of countries upon which our form of government is patterned, admired throughout the world. Gradually there have crept into the legislation of this parliament, while we have been struggling to get back to parliamentary government as distinct from government by the executive, devices whereby legislation, although enacted by parliament, may be modified by the executive. The executive has retained the power to modify legislation in such a manner that the executive finds itself master of all situations. A bill introduced a little while ago affecting foreign exchange control was susceptible to amendment by the minister to whom the control was entrusted to such an extent that the legislation was practically obliterated. In that instance it was competent to the minister at any time to repeal rules, regulations and orders which determined how currency should be admitted and administered, thereby permitting the minister in spite of the rules and regulations to determine what should be done.

I find in this bill the same spirit expressing itself. It is a dangerous departure from what has always been a characteristic of Canadian legislation; thus the law becomes uncertain and subject to the whim of the administrator to such an extent that at no time can anyone be sure just what the law is; nor is he capable of observing it, because it may be amended at any time without notice.

To give point to what I have just said, I would refer the house to section 11 of the bill.

Mr. SPEAKER: Order. The hon. member knows that on second reading it is not proper to discuss specific sections.

Mr. HACKETT: I am not discussing a section. I am merely citing it as an instance of a violation of a principle.

Mr. SPEAKER: I was going to suggest that if the hon. member wished to discuss any particular section he might wait until we reach the committee stage.

Mr. HACKETT: No, that is not my intention. I had intended merely to draw to the attention of the house the fact that the amendment embodied in this section of the bill gives to the minister the privilege of amending the law whenever he sees fit so to do.

In section 11 of the bill it is provided that—

—the minister may, if he thinks fit, and upon such conditions, if any, as he thinks proper to impose, exempt any ship from any requirement contained in sections 113, 114, 132 and 133, or dispense with the observance of any such requirement in the case of any ship—

And so on. My point is that this amendment to the shipping act enables the minister at any time he sees fit to wipe out, as it were, those sections of the Canada Shipping Act which have been relied upon for many years for the protection of the lives of seamen and of people travelling by sea.

Mr. CHEVRIER: Will the hon. member permit an interruption?

Mr. HACKETT: Yes.

Mr. CHEVRIER: Before the hon. member goes further, may I make the comment that this section is much the same as section 78 of the United Kingdom act. If the hon. member's contention is correct, then I would point out that the same principle is in effect in the same manner in the British act as in the Canadian.

Mr. HACKETT: That is just the ground of my complaint—that the socialization of the British act, which places in the hands of the administration the power to alter legislation whenever the executive deems it wise to do so, impairs the fundamental continuity and certainty of legislation.

Mr. CHEVRIER: But the British section has been in existence for quite some time; it is not a recent amendment.

Mr. HACKETT: If the minister examines the British amendment carefully I believe he will find that it follows a trend which has become quite marked in British legislation in the last few years. It is a trend which is detrimental to our legislative system, because it undermines the stability of legislation by making one law apply to one group of people and then, if the administration does not wish to apply it to the next group, operates in such a manner that all the administration has to do is to pass an order in council, with the result that the law is suspended or changed. I submit that this is an introduction, into this realm at least, of a new principle, one which cannot

but make for uncertainty and insecurity at a time when security and certainty in legislation are characteristics that are highly desirable.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Macdonald (Brantford City) in the chair.

On section 1—Department.

Mr. LANGLOIS: Mr. Chairman, before we proceed with the clause by clause discussion of this bill I should like to make a few remarks. It is not my intention to make elaborate comments upon the proposed amendments to the Canada Shipping Act, 1934, as eventually we will have the privilege of discussing the bill further in detail once we reach the clause by clause discussion stage.

My intention in rising at this time is to draw the attention of the committee to what I consider to be a few shortcomings in the bill which deeply concern me. First, however, I should like to make a few remarks on the definitions contained in this bill. The other place, as we call it in this house, has seen fit to amend the definition of home-trade voyage. I am in full accord with what was decided upon by the senate, but I am not prepared to accept the amendment passed in the senate with regard to inland voyage and minor waters of Canada. I doubt the desirability of changing these two definitions. I submit that the definition of inland voyage should be read most carefully in connection with the regulations covering certificates of inspection. We are giving to masters of ships the privilege of sailing in zones in which they could not sail before. I submit that this committee should give careful consideration to the fact that by amending the definitions of inland voyage and of minor waters of Canada we are extending the certificates of competency given to masters of ships without compelling them to increase their knowledge of navigation and of the waters in which they will be permitted to sail in the future.

The bill before us provides for a new definition of sailing ship intended to comply with the recommendations of a commission headed by Mr. Justice Cannon which sat in 1942 to consider navigation of small boats on the St. Lawrence and to recommend proposed amendments to the act in order to bring these ships within the act. May I be permitted at this stage to read two of the three recommendations made by Mr. Justice Cannon on October 20, 1944. I quote:

Certificates: Since there are still a number of masters on vessels of under 150 tons gross, especially on the smaller vessels, which have no certificates and cannot pass the necessary examinations, because of lack of education; it is suggested that if the regulations concerning "service certificates" could be amended so that this type of certificate could be still available by undergoing an oral examination, up to January, 1948. The masters not at present holding any certificate could all avail themselves of this opportunity; since the majority of them have quite a number of years of experience.

The third conclusion in the report of Mr. Justice Cannon deals with a special class for vessels engaged in the St. Lawrence coastal trade. This reads:

Special class of vessel: It is suggested that motor driven vessels of under 150 tons, gross, classed as sailing vessels under the steamship inspector's regulations, may be put into a special class of "motor vessels" having their own particular regulations concerning equipment, et cetera, since they are actually of a special class, but not properly defined and therefore as far as equipment and certificates are concerned, never positive whether they are "motor vessels" or "sailing vessels."

At this point I wish to draw the attention of the committee to the fact that up to today we have adopted in this special trade on the St. Lawrence a system of tolerance. We gave a classification of sailing ship to ships which were not sailing ships at all, but were really and truly motor ships. We gave this special privilege to ships under 150 tons, and that is my explanation of why the Hon. Mr. Justice Cannon in his report confined his conclusions and recommendations to this type of vessel under 150 tons gross tonnage. However, Mr. Chairman, I feel that by accepting the wording of Mr. Justice Cannon's report as it is, the government and the department are not doing the right thing. We are creating a special class of ships, taking into consideration not the territorial waters in which they are to sail, not the dangers and other difficulties of navigation which they may encounter in this trade, but rather the size of the ships. To my mind it is the same thing as if the registrar of motor vehicles in Ontario told a man that he did not need a driving licence if he drove a jeep, but that he must have one if he drove a truck or a bus. I believe sincerely that if the master of a ship is not qualified to sail a ship of 151 tons he is not qualified to sail a ship of 148 tons. Therefore I respectfully suggest that we create a new class for this special type of vessel, but that we do not limit this class to a certain tonnage, but rather take into consideration the territorial waters in which the ship will be permitted to sail, and require of the masters of these ships and the owners the qualifications and the necessary requirements as to provision for life-saving equipment and the prevention of fires that must be required of a ship engaged in that trade.

On certain types of vessels it is impossible to insist on the various requirements laid down by the Canadian steamship inspection board. For example, we are creating a new class of ship as far as certificates of competency are concerned, but we put these ships, even one under 150 tons, as far as inspection is concerned, in the same class as a ship of 1,000 tons. The inspection regulations say that a ship with a crew of seven persons on board must have two lifeboats, each of which is large enough to accommodate the whole crew of the ship. One of these lifeboats should be class one while the other should be class three. But you cannot demand this requirement of the owner of a ship of 50 tons because there is not room on the boat deck of that ship to locate the two lifeboats.

In forming this new class I respectfully suggest, as I said before, that we should take into consideration the waters in which the ship is to sail, the dangers to navigation, the trade in which she is to be engaged, and the number of crew she is to carry. If we want to help this trade on the St. Lawrence, help the coastal trade of Canada, we shall have to face the problem in this way, otherwise we will not improve it.

I again suggest that this class should not be limited to 150 tons. I think that the amendment passed by the senate relating to inland voyages should help to convince the government and this committee that it should be so. As a matter of fact the other place has just granted to masters of ships engaged theretofore in the trade on the lakes and inland waters of Canada permission to sail their ships from Father Point to the west point of Anticosti island. We have only to increase this limit of the inland waters a few miles more and we cover the whole of the St. Lawrence coastal trade. If we are to use territorial limits, this limit should include the whole of the gulf of St. Lawrence including Chaleur bay. If we are going to ask the masters of these ships to hold certificates of competency we should be very careful in outlining the requirements necessary for the attainment of such certificates. I myself do not think that we should require from the future masters of these ships that they know celestial navigation. As a matter of fact, today we are asking these captains who are to sail only in the St. Lawrence that they know how to navigate by celestial bodies. Well, I should like somebody to point out to me a spot on the St. Lawrence river where you can have a good horizon, good enough to navigate by celestial bodies. We teach them to use a sextant, which they are not even compelled to carry on their ships. What is the use of having them learn the course which shows them how to handle a sextant when they are not compelled to have them on their ships when they go to sea?

In making regulations having to do with these new certificates we should ask these men to learn how to adjust their compass and to know pilotage. We should insist on pilotage; we should insist that they know pilotage regulations in the St. Lawrence river and the international rules of the road. We should teach them navigation in sight of the coast. That is the only type of navigation they will be called upon to use. We are wasting our time if we ask them to know geometry, to know how to use a sextant, which means of navigation they will never use in their trade.

I also wish to offer a few comments on the amendment brought in by the senate to the clause covering desertion. I am not in accord with the hon. member for Skeena who yesterday criticized this amendment by the senate. I ask hon. members of this committee to consider carefully the expressions in this amendment where we require that, before the crew can go on a legal strike, the ship be placed in a port of safety or rather in security. I think we should be very careful, when we give power to the harbour master or the master of a ship to determine whether or not the ship is in security, not to give them the privilege of extending that to tidal harbours or tidal ports.

Personally I know of one example where a ship suffered heavy damage and caused very severe damage to a sister ship when her lines broke owing to the carelessness of the crew. She was damaged when the tide ran out because the lines broke. When I ask this committee to consider carefully this amendment we are dealing with, I am not at all trying to take something away from seamen, whom I want to see afforded the best treatment, but I am insisting that we should be very careful not to give them in this act something which will finally work against themselves. I am thinking at the moment of danger to the lives of seamen, whom we want to protect today.

The same can be said of ports where there is no shelter. No one knows when a storm may come up and a ship will break her lines and be cast adrift, and ninety-nine times out of a hundred she will ram a sister ship tied at the same wharf. Therefore, if we are going to leave the clause as it stands, I would impress upon the minister the necessity of bringing to the attention of the officers of his department the importance of this matter and giving instructions to the harbour master not to consider ships in security, unless he is satisfied that in case of emergency there will be at

least a skeleton crew on hand to look after the ship, should a storm or any other unforeseen event take place.

I come now to the definition of Canadian ship in the shipping act. I have heard many hon. members, both in the house and outside, ask in very convincing words for the establishment in this country of a Canadian merchant marine. I agree with them, and their case has my full support and sympathy. But how can we have a Canadian merchant marine without having a Canadian ship? I have only to quote section 3 of the act of 1934 as it stands today to convince this committee that if we want to be logical with ourselves when we ask for a Canadian merchant marine we should have a Canadian ship. Section 3 of the act of 1934 reads:

Every vessel, which is about to be built or is being built or equipped in Canada and which, when completed, launched and/or equipped will be a ship registrable in Canada as a British ship, may, as to a vessel about to be built, and shall, as to a vessel being built or equipped, be recorded, pending registration, under an assigned number and a temporary name in the office of the registrar of British ships at the port in Canada at or nearest to which such vessel is about to be built or is being built or equipped.

Further, in the interpretation of the terms at the beginning of the act, item 5, section 2, "Interpretation", the words British ship are defined as follows:

"British ship registered in Canada," and "ship registered in Canada" means a ship registered in Canada either under the provisions of this act or under the provisions of the Merchant Shipping Acts before the coming into force of this act.

Further still, a ship registered in accordance with this act is also defined, the definition being at item 8, "Interpretation", section 2, of the Canada Shipping Act:

"Registrar" means a registrar of British ships.

This act does not give us a legally true Canadian ship. Moreover, may I be permitted to read part of the Canadian Citizenship Act, section 47, in which we set out the necessary qualifications that one must have to become a Canadian citizen. Section 4, part I of the citizenship act reads:

A person, born before the commencement of this act, is a natural born Canadian citizen:—

(a) if he was born in Canada or on a Canadian ship.

Again in section 5 of the same act we find the following:

A person, born after the commencement of this act, is a natural-born Canadian citizen:—

(a) if he is born in Canada or on a Canadian ship.

[Mr. Langlois.]

In the same act we find in the interpretation section 2, item (b), where Canadian ship is defined:

A "Canadian ship" means a "ship registered in Canada" within the meaning of the Canada Shipping Act, 1934.

I have just proved, I think, that no such Canadian ship exists under our Canada Shipping Act, 1934. What I have just said comes, in my opinion, into conflict with the Canada Shipping Act as it stands today. I am also of the opinion that the effect of amending the act in order to give us a Canadian ship does not come into conflict with the merchant shipping agreements passed by the imperial conference of 1930 where common status was given all ships of the British commonwealth. The aim of the imperial conference of 1930, in relation to merchant shipping, is set out clearly in the following quotation from the report of the conference on the operation of dominion legislation on merchant shipping, 1939. I quote the following excerpt, found at pages 12 and 13, giving the terms of reference of the conference. At page 12:

Merchant Shipping

12. The imperial conference of 1926 also considered the general question of merchant shipping legislation. On this subject the conference pointed out that, while uniformity of administrative practice was desirable and, indeed, essential as regards the merchant shipping legislation of the various parts of the empire, it was difficult to reconcile the application, in their present form, of certain provisions of the principal statute relating to merchant shipping . . .

At page 13, section 13:

13. On further examination of the problems involved, it appeared more convenient that the committee and the special subconference should be organized as a single conference. After consultation between the respective governments this view received general acceptance, and the terms of reference to the present conference accordingly include, in addition to those set out above, a reference —

"To consider and report on the principles which should govern, in the general interest, the practice, and legislation relating to merchant shipping in the various parts of the empire, having regard to the change in constitutional status and general relations which has occurred since existing laws were enacted."

Just one other citation from the report of the same conference of 1929, at page 40, item 97, where common status is defined as follows:

97. Common Status—(a) There should be agreed uniform minimum qualifications for ownership to govern the admission of ships to registry in all parts of the British commonwealth of nations. The provisions of section 1 of the Merchant Shipping Act, 1894, would appear to form a suitable basis for that purpose.

I want to emphasize the words "suitable basis".

(b) Ships complying with these agreed qualifications for ownership and registered in any part of the British commonwealth of nations will possess a common status for all purposes and will be entitled to the same recognition as is now accorded to British ships.

Further, it is my contention that my suggestion is therefore not in contradiction to or in disagreement with the draft agreement as to British commonwealth of nations merchant shipping, and I beg to quote this draft agreement as reported in the report of the imperial conference of 1930, part I, summary of proceedings. At page 31, I find the following:

Part I

Common Status

Common Qualifications

Article 2—(1) No ship shall be registered in any port within the British commonwealth so as to acquire the status and recognition mentioned in paragraph (2) of this article unless it is owned wholly by persons of the following description, namely:—

(a) Persons recognized by law throughout the British commonwealth of nations as having the status of natural-born British subjects;

(b) Persons naturalized by or in pursuance of the law of some part of the British commonwealth;

(c) Persons made denizens by letters of denization; and

(d) Bodies corporate established under and subject to the law of some part of the British commonwealth and having their principal place of business within the British commonwealth.

(2) Every ship so owned and duly registered within the British commonwealth shall possess a common status for all purposes and shall be entitled to the recognition usually accorded to British ships.

Then article 3 proceeds to state on what special items it was desired that this common status be given as far as registry was concerned. I quote just the first and last part of the sentence in article 3:

Article 3—The laws, regulations, forms and procedure relating to the matters following, that is to say:—

There is then given the enumeration of the various items mentioned, and the section continues:

. . . shall be substantially the same throughout the British commonwealth and so far as possible be based on part I of the Merchant Shipping Act, 1894.

I particularly draw the attention of the committee to the adverb "substantially."

I could go on quoting further excerpts from this report of the imperial conference, but I think I have given enough of them to satisfy this committee that there is no conflict whatsoever between my suggestion and what was agreed upon in this draft agreement of 1930.

I also beg to draw to the attention of this committee the fact that the British commonwealth merchant shipping agreement was signed in London on December 10, 1931; that is, just one day before the Statute of Westminster which, by sections 2, 3 and 5, granted to Canada the right to legislate without taking any notice of the Colonial Laws Validity Act.

In closing my remarks on this subject, I wish to quote Doctor Maurice Ollivier's "Problems of Canadian Sovereignty", at page 138, in which he says:

So, the dominion exercised that right—

He is talking of the right given by the Statute of Westminster.

—by passing a new merchant shipping act in 1934.

By passing that act, the dominion has exercised its absolute right of legislating with respect to ships, wherever they may come from, when they happen to be in Canadian waters; it has exercised its right to legislate as to ships registered in Canada—

I want to emphasize the words "right to legislate as to ships registered in Canada."

—whether they be in Canadian waters or elsewhere, subject in that case to local laws when the ships happen to be in non-Canadian waters or ports.

There is therefore no doubt whatsoever that this parliament has the right to legislate or has the legislative power necessary to create this much needed Canadian ship. I hope also, in closing my remarks, that once this Canadian ship is given to Canada, our government will take steps to protect this Canadian ship while engaged in the Canadian trade. Part IV of the draft agreement of 1930 gave equal treatment to all ships of the British commonwealth in the following terms, by article 10, to be found at page 32 of the report of the 1930 conference:

Each part of the British commonwealth agrees to grant access to its ports to all ships registered in the British commonwealth on equal terms and undertakes that no laws or regulations relating to seagoing ships at any time in force in that part shall apply more favourably to ships registered in that part, or to the ships of any foreign country, than they apply to any ship registered in any other part of the commonwealth.

Article 11 provides:

While each part of the British commonwealth may regulate its own coasting trade, it is agreed that any laws or regulations from time to time in force for that purpose shall treat all ships registered in the British commonwealth in exactly the same manner as ships registered in that part, and not less favourably in any respect than ships of any foreign country.

Article 12 of the same draft agreement reads:

Nothing in the present agreement shall be deemed—

(i) to derogate from the right of every part of the commonwealth to impose customs tariff duties on ships built outside that part . . .

I beg the committee to note that this draft agreement gave us the privilege of imposing customs tariff duties on ships built outside this country. By introducing legislation tending to reserve the coastal trade of Canada to our Canadian ships, either by means of customs tariff duties on foreign-built ships or otherwise, then and only then will Canada encourage the creation and maintenance of a Canadian merchant marine and develop a stable and flourishing shipbuilding industry in this country.

Therefore, Mr. Chairman, I sincerely hope that the government will immediately consider the desirability of introducing further amendments to our shipping act in order to give us, together with a Canadian merchant marine, a true Canadian ship which will soon fly a true Canadian flag on the seas of the world.

Mr. WINTERS: I should like to say just a few words on this act as it applies to fishing craft, and some of the definitions concerning them.

By this act it will be noted that ships of more than ten tons register are classified as steamships if they have any means of propulsion other than sail. That is a restrictive feature on our fishing fleet, which has its tradition in sail, though of recent years it has in some measure modernized itself, first by putting a donkey engine on the deck to hoist the sails and anchor, and more recently, with the growing demand for fresh fish and the need for speed in getting to and from the fishing banks, by a trend toward propulsion. As a matter of fact, almost all the schooners and ships in the fishing fleet are now equipped with diesel engines; but they are the same type of ship as we had twenty years ago—the hull form is the same; they have the masts and sails, though they are not used to the same extent, and they are substantially and basically the same type of ship as when they had no means of propulsion other than their sails.

It seems an unusual hardship on the fishing fleet to classify these boats as steamships and therefore require them to submit to all the regulations applying to steamships, including the qualifying requirements for officers and particularly engineers. There are also the inspections during the building of a ship which must be conformed to, and in that way an additional hardship is imposed. Ships are built today in exactly the same way; the same kind of timber, the same skill and the same designs are used as were used twenty or thirty years ago, when Nova Scotia developed traditionally as the province that specialized in wooden ships and iron men.

This provision seems to bear most heavily on the engineers, who are in fact fishermen who in many instances were forced to leave the work in the dories and fishing boats and take work on board what we call a fishing schooner or what might be termed a mother ship. They have done so by reason of disability, or for some other cause. They have become proficient in looking after diesel engines and other propulsion units, to the point where they are just as competent as an engineer holding higher qualifications, but under this act and the regulations they are debarred if they are not qualified.

I must say the minister has seen fit in certain cases to exercise some leniency and discretion in allowing such people to qualify. I have brought two or three cases to his attention, and he has made it possible for the men to undergo a special examination by the board of steamship inspection and obtain temporary certificates permitting them to operate. This is possible, however, only in special circumstances, and it is a dispensation in all such cases. Under the act there is no coverage which would permit these men to qualify, and in time I believe that will result in an unnecessary hardship upon the fishing fleet which is struggling along, doing its best to conform to the regulations and to progress. Nevertheless, with its roots deep in history and tradition which go back to the sailing days it is pretty difficult for our fishermen to change quickly; so I would ask the minister to give us time in that respect and extend all the leniency and discretion within his power.

I would say this is a good bill; there is no question about that. It will work for the over-all betterment of our mariners and the merchant marine. In time I am sure our deep-sea fishing will develop to the point where we can conform to all the regulations in this measure, but at the moment we cannot; it is just impossible. So we shall have to be shown some leniency during the transition period, which may last for a considerable time.

To say, as the bill does, that all ships of less than ten tons are sailing ships and all those of more than ten tons are steamships, if they have any method of propulsion other than sail, is drawing the line too fine and placing it too low, in my interpretation of this act. A ten-ton boat does not engage in

fishing on the deep sea, and therefore plays very little part in the deep-sea fishing industry. In the schedule to the act respecting the international labour conference, however, I note that the dividing line is drawn at vessels of 200 tons gross register. It seems to me that would be much more fitting, and would give us a certain latitude which is needed.

I should like to bring another point to your attention, Mr. Chairman, in connection with sick mariners' benefits. These come under part V of the act; but I should like to refer to the matter at this time, if I may. There are two points in particular which affect us, and from the speech of the hon. member for Skeena I would gather that the same things apply on the west coast. One feature is that fishermen who leave a Canadian port and for some reason—disability, failure of some kind, or something else—are obliged to seek shelter in a foreign port, do not become eligible for sick mariners' benefits in that foreign port. On the west coast that would apply to fishermen leaving Vancouver ports and touching in Alaska or the United States. On the east coast our boats occasionally touch the United States; they frequently go to Newfoundland and St. Pierre and Miquelon, and there is the possibility that they may go to other foreign ports.

With particular reference to our east coast fishermen, it is traditional and part of the industry that they take on bait in Newfoundland. In the spring of the year it is often hazardous to get to Newfoundland. There are often ice floes and other difficulties of weather and navigation. Recently, with the trend whereby, to some extent, our fishing fleet is manned by Newfoundlanders, it has been the practice to have some of our Nova Scotia vessels lie over in Newfoundland through the winter months, and set out on their first fishing trip of the year from a Newfoundland port, before they touch a Canadian port. They leave from Newfoundland, catch their cargo of fish—if they are lucky—and return that cargo to a Canadian port.

Under the interpretation of the applicable sections of the act, these fishermen have not been able to qualify for merchant seamen's benefits, presumably because the act reads that the first payment for the calendar year must be made before the ship makes its first fishing voyage in that year. This seems to be interpreted to mean that the ship must leave a Canadian port on its first trip in order to qualify for merchant seamen's benefits.

This appears to draw an argument almost to a point of absurdity. One of our schooners registered in Lunenburg, but lying over for the winter in Newfoundland, will leave Newfoundland, go to the banks, take its catch of fish, return to Lunenburg and find that it is disqualified for merchant seamen's benefits. But if that same schooner leaves Newfoundland, touches at the extreme eastern end of Nova Scotia, then proceeds to the fishing banks and returns its catch to Nova Scotia, it can qualify for merchant seamen's benefits. By so doing, it increases its cost of operation, and seems to put itself at a disadvantage which is in no way justified. I would strongly urge the minister to give this case exceptional consideration. I understand that it is administered by the Minister of National Health and Welfare. He is familiar with the circumstances; but I thought this would be a good time to discuss the matter. If an amendment to the act is necessary I should be pleased to bring it in, and I am confident hon. members would support it.

Mr. STUART (Charlotte): Mr. Chairman, I would speak briefly along the lines followed by the hon. member for Queens-Lunenburg when he referred to the amendment whereby boats of ten tons are classed as steamships, and come under the same regulations. There are several amendments which I feel will greatly inconvenience fishermen of Charlotte county and other sections of the maritime provinces. This amendment is one which I am sure will be discussed by fishermen in that section of the country, and which will be strongly opposed.

In the section of the maritimes from which I come will be found hundreds of small islands, ledges and shoals where the sardine fisheries operate, and where the movement of tide is very rapid. The water is shallow to a point where many sections of that area are still uncharted. Many of the channels navigated by fishing boats today cannot be found on the charts supplied by the department in Ottawa. Experience, and years of cruising in these dangerous waters by men who began in their youth to take part in that business, have qualified them to carry on in that section. I feel, however, that boats used exclusively in passenger and freight coastal service in any part of the maritime provinces, or any other section of the dominion, should come under government inspection. Indeed, perhaps in many cases that inspection should be more rigid than it has been in the past.

I remember speaking briefly about two years ago on this same matter, when I referred to the loss of the *Robert Cann* in 1946 off Grand Manan island. The *Robert Cann* was an old boat. Anyone who has had experience on salt water would know it was not fit for

the service it was trying to render at that time. However, there was a scarcity of that type of boat, and it was allowed to carry on. Consequently in February, 1946, a tragedy involving thirteen persons took place.

I say the boat was not fit for the job, because these thirteen persons who were lost when the boat sank got into a lifeboat sixteen feet long, and crossed the bay of Fundy on the same night. They perished while crossing. I feel the regulations covering boats of this type should be quite rigid. The ordinary fishing boat, however, should in my opinion be exempt from these regulations. I say that because today in all branches of the fishing industry of the maritime provinces the boats being used are much larger than they were ten years ago. The great percentage of boats would come under the regulation we are now discussing.

Then, I should like to touch briefly upon the matter of loss of life and loss of boats in the maritimes. I believe if we go through the records we shall find that the hard, tough types of men are in this business in the maritimes; most of them came up the hard way, and the loss of life and of boats and equipment in the maritime provinces is as small as in any other part of the world. In fact down there today one would find only a very small percentage of boats insured. I would say that 99 per cent of the boats in the fishing industry today in the maritime province do not carry insurance. It is seldom that we hear of the loss of a boat.

Then, I would discuss briefly the matter of inland waters. I can remember as a boy hearing this discussion take place on many occasions. That section in which the sardine industry is carried on has always been known as inland waters; there is a different classification altogether when one goes outside the bay of Fundy.

Some time in the thirties—I do not remember the exact year—a regulation came into force making it necessary that masters of boats of ten tons or over have certificates. I remember the circumstance well, because I was on the water at that time. One of the qualifications was that the applicant must have been the skipper of a boat of ten tons or over for a period of ten years before making application for a licence. I happened to be one of the few who had had his name on the register of a boat for that number of years. I made application and received my certificate; but at that time there were many men from the same section in which I live who were better qualified than I but who failed to obtain their certificates at that time, owing to the fact that they had not had their names on the registers of boats of ten tons or over for a period of ten years. Those little technical points have made it difficult in that part of the country for fishermen and boatmen to carry on.

I would refer now to the regulation of the department whereby life-rafts, dories, lifeboats, fire-extinguishers and all equipment of that kind must be aboard a fisherman's boat today before it can pass inspection. I have seen boats in my section of the country so laden with this equipment that, by the time they had aboard all that was necessary, there was very little room left for nets, winches, drags and all the other equipment required for fishing purposes.

Mr. GIBSON (Comox-Alberni): And they were not seaworthy by that time.

Mr. STUART (Charlotte): The statement of the hon. member for Comox-Alberni is true. I have seen life-rafts which had to be placed on top of the houses of the boats, thereby making them top-heavy. But in order to qualify it was necessary that such equipment be carried. The men who man these boats today are perfectly qualified to look after their own interests. Should an accident happen, I would much rather be with them than with less qualified seamen who are in charge of larger boats.

The department should give consideration to simplifying the regulations with regard to boats engaged in the fishing industry. It would make it much easier for these men who work with their two hands to make a living. My experience with these men extending over a great number of years is that they are the last people in the world to ask for charity, but they do like to have a little liberty. I know hundreds of these men and they cannot afford to go to navigation school. They have come up the hard way. A compass is something they play with as children. I have met many men during my lifetime who are very capable on salt water but perhaps could not box a compass or would not know what a parallel rule looked like. But they can take you out and bring you back home again. I urge the minister to consider carefully limiting these restrictions, because at the present time these men are bothered and worried by them.

Where I live many boats engaged in coastwise shipping carry on trade between Canada and the United States. As I have stated before in the house, about 75 per cent of what we produce down there is sold in the United States. These boats, particularly those from

my own section, carry these commodities to the United States. I believe you will find that the United States regulations are as rigid as those of any other country, but these men have little difficulty in entering United States ports with Canadian cargoes. They are not bothered to the extent that they are in their own country. Therefore I ask the minister to take boats of ten tons and under, the type of boat that is used by hundreds in the fishing industry, out from under these regulations. Rather than have officials of his department call in these fishermen and ask them to ground their boats to see whether the cylinder-heads or other things of like nature are in good condition, these men should be permitted to judge as to the standard of their own equipment, because in many cases they are better qualified.

The DEPUTY CHAIRMAN: May I remind the committee that we are on the first clause, which deals with definitions. Some hon. members have related their remarks to the definitions, but a general discussion at this time would not be in order. I would ask hon. members to reserve any remarks they desire to make until we reach the clause to which they would be applicable.

Mr. GIBSON (Comox-Alberni): This is a very complicated bill, and I imagine that many hon. members who do not come from the coast regions do not realize its implications. I would suggest that the Chairman call the clauses slowly as he goes along. I should have liked to have this bill referred to a special committee. I know it was considered in the other place, but there is a wealth of maritime experience available in this house. There are shipowners, sailors and others who could be most helpful to the minister. If you will just go slowly, Mr. Chairman, I think we can be helpful to him because I am sure we all want to be.

Mr. MacINNIS: Mr. Chairman, I have no complaint to make in regard to your generosity in allowing debate, but I was not able to be present when the motion for second reading was carried and I should like to say a few words now, which I hope you will permit me to say, and leave whatever else I have to say until we reach the particular section.

Yesterday the minister mentioned that this was an important bill, and I agree with that. Canada was very backward in regard to shipping legislation until 1934 when the shipping act was passed, although it was not brought into operation until 1936. That being the case, I wish the minister had referred these amendments to the committee on marine and fisheries, so that we could have had expressions of opinion from shipowners, ship operators, sailors and other personnel on board ship, from both the coasts and the lakes. I am sorry the minister did not do that, because we now have this bill before us without having had an opportunity to look at it.

I am also sorry that no consideration was given to the suggestion of ship radio operators that provision should be made for proper radio protection on seagoing ships. The hon. member for Vancouver North referred to this, and I shall not say anything more about it for fear that I might repeat what he has said. I just want to say I regret that we have been shoved into this, without having had an opportunity to examine the bill and also without those who are interested having been given an opportunity to put their case before us.

Mr. CHEVRIER: Perhaps I should reply to what the hon. member for Vancouver East has said. The hon. member says he is sorry the bill was not sent to a committee in order that representations might be made by those interested.

Mr. MacINNIS: Or recommendations.

Mr. CHEVRIER: I should like to point out that over a year ago a special committee was set up in the Department of Transport. That committee went into the question of amendments to the shipping act most carefully. It sat for over a year and listened to representations by groups from all across Canada. I have a list of them here which I could detail to the hon. gentleman. Then the bill went to the other place where it was referred to the committee on transportation. It was before that committee for almost two months and representations were heard from groups all across the country.

If it had gone to a committee as the hon. gentleman thinks it should have, I doubt very much if it would have come back in time for us to deal with it before prorogation, especially if it received attention equal to that which it received in the departmental committee. The house seems to think that this bill should be put through at the earliest possible opportunity, but of course not without proper discussion. I can assure hon. gentlemen that the only reason why I felt that it should come to the house is that it could receive the same attention here that it would elsewhere.

Mr. MacINNIS: I gather from the speeches that the minister makes in the house that he gives a great deal of attention to the matter he has in hand, but to have a bill put on our desks yesterday and then dealt with partly yesterday and partly today is not giving us an opportunity to deal with it properly.

Mr. CHEVRIER: I had no objection yesterday to putting it over. I hope the hon. member is not of the opinion that I am forcing this; I have not the slightest idea of doing that. If the committee feels that it should be put over, I am quite willing. Parliament has had an opportunity of seeing the bill. It was introduced in the senate early in March. Surely hon. members have had the time to look at the bill—perhaps the hon. gentleman has not, but it was there and it was available.

Mr. MacINNIS: The minister pointed out yesterday that the bill we have before us now is not necessarily the bill that was introduced in the other place. It was amended in the other place. There was not much point to my studying the bill that was introduced in the other place before I knew what they were going to do with it. The minister himself mentioned that in some respects this is a different bill from that which was introduced in the other place.

Mr. CHEVRIER: There are some amendments.

Mr. HAZEN: Did the committee which the minister said was set up by the government, and which went into this matter carefully—

Mr. CHEVRIER: By the department.

Mr. HAZEN: —listen to any representations made by the fishermen of Lunenburg or the fishermen along the bay of Fundy, New Brunswick?

Mr. CHEVRIER: No.

Mr. HAZEN: They should have. The hon. member for Queens-Lunenburg said a minute or two ago that the fishermen of his constituency could not comply with the provisions of this bill. When an hon. member rises in his place and makes a statement of that kind—and I think he was correct in his statement—some attention should be given to it. When the hon. member for Charlotte, who has been a fisherman himself, and who has lived among fishermen, speaks as he did this afternoon about the great difficulty the fishermen in his constituency and along the bay of Fundy, New Brunswick side, will have in connection with certain sections of this bill, consideration should be given to his remarks.

If this matter is not to be referred to a committee it seems to me that if these hon. gentlemen see fit to move amendments to certain sections of the bill they will have the support of a good many members of this committee.

Mr. HACKETT: I am not clear as to the effect of this legislation upon the goelette with the auxiliary engine, which performs such valuable service on the St. Lawrence. The definition of a sailing ship in the act as it stands now provides for a sailing ship which has an auxiliary engine, whereas the amended definition appears to exclude such a ship. In view of the importance of that type of craft on the St. Lawrence I should be very glad if the minister would tell us what is the effect of the amendment.

Mr. CHEVRIER: We have not come to that subsection.

Mr. HACKETT: I am willing to wait.

The CHAIRMAN: I think it would be better.

Mr. HACKETT: I am agreeable to that.

Mr. DORION: I should like to ask a question on subsection 4 of section 1, which reads:

"Inland waters of Canada" means all the rivers, lakes and other navigable fresh waters within Canada, and includes the river St. Lawrence as far seaward as a straight line drawn from Cap des Rosiers through West Point Anticosti island extending to the north shore.

I notice that this subsection replaces a previous one which read, "as far eastward as a line drawn from Father Point to Point Orient." What was the reason for this change? If there are some good reasons for it, I submit that this subsection should include all the north shore of the St. Lawrence as far as Blanc Sablon. I think the section should read: "a straight line from Cap des Rosiers to Blanc Sablon." I wonder why the area from the west point of Anticosti island to Blanc Sablon is not included in the subsection.

Mr. CHEVRIER: The reason for the change is, in the first place, that it was asked for by the certified officers and by the Dominion Marine Association. I also think that certain groups in the province from which my hon. friend comes requested the change. While the line eastward is extended some distance it was felt that that distance is not too considerable, having regard to the fact that the river and the gulf at that point are sheltered to a large extent. Replying directly to the question, the definition was chosen because, I am informed, it is the old legal definition of the limit of the river. It follows the proclamation of 1763 which read:

. . . and the coast of the gulf of St. Lawrence to Cap Rosiers, and from thence crossing the mouth of the river St. Lawrence by the west end of the island of Anticosti, terminates at the aforesaid river of St. John.

Mr. DORION: The river St. John is much farther down.

Mr. CHEVRIER: This is not exactly what has been chosen for the definition, but it was felt that if the most easterly line were extended to Cap des Rosiers it would be more in accordance with the experience and the competence of those who hold certificates in that trade.

Mr. LANGLOIS: I take it that this line which goes through Cap des Rosiers and the west point of Anticosti island excludes Ellis Bay. If we take that amendment which was proposed in the other place we are going to exclude pulpwood carriers on the St. Lawrence in the Anticosti island service, whilst we are going to have them coming further down or east in this trade on the south coast of the St. Lawrence. I wish to point out to the hon. member that Ellis Bay on Anticosti island is quite an important pulpwood producing centre, and these carriers will be interested in going there. We are excluding Ellis Bay by this line, which misses it by only a few miles. Speaking from memory, of course, I should say that a line from Cap des Rosiers through the west point of Anticosti island misses Ellis Bay by five or six miles at the most.

Mr. DORION: You are right.

Mr. LANGLOIS: Ellis Bay should at least be included. I have another question to ask. We are going to extend the limits of these certificates for inland waters at present granted to the masters of these ships. Are we going to extend the limits of the certificates of inspection granted to these inland water ships? I think the limits of both should go together. If we are going to give the captain the right to sail his ship in the new zone, the ship should have its inspection certificate extended to cover this new zone. I know it has been the practice of the department to grant this permission under the former certificate of inspection for inland waters by means of an endorsement. I think they were under class 1 inland certificates of inspection and they were permitted to make trips east of Father Point up to the eastern limit set by a line going from Cap des Rosiers through the west point of Anticosti island, and this only for a few months in the summer, extending to somewhere in the middle of October. Are we now going to make it a standard practice to extend this certificate of inspection for inland water ships to the line going from Cap des Rosiers to the west point of Anticosti island?

Mr. CHEVRIER: The answer to the question is yes. The certificate of inspection will be extended in order to comply with the extended definition. The steamship inspection board have given the amendment careful consideration, and they feel that it is in compliance with what was asked for by the certificated officers and the Dominion Marine Association; and also they are of opinion that the inspection regulations will not be affected in any way.

Mr. HACKETT: Is there any objection to including Port Meunier and Ellis Bay within inland waters?

Mr. CHEVRIER: I have just sent for a map to see the position. I should not like to answer offhand.

Mr. LANGLOIS: Is it intended by the department to require in the future more in the way of certification of masters in inland waters?

Mr. CHEVRIER: Yes. Unquestionably there will have to be a tightening up of the examinations in respect of certificates of competency for officers who will be trying to qualify.

Mr. DORION: May I ask why the description, in subsection 6, of minor waters of Canada is not the same as in subsection 4 with respect to the line eastward?

Mr. CHEVRIER: There is no difference in the definition of minor waters save that which has been made necessary by a change in inland waters and home-trade voyage.

Mr. HAZEN: I wish to ask a question about subsection 9, which defines sailing ship. Why has there been such a drastic change in this respect? The old section reads:

> "Sailing ship" (except as may be provided under the load lines rules) means a ship propelled wholly by sails, and includes a ship not in excess of 150 tons, gross tonnage . . .

Now, according to the amendments, we are getting to vessels of ten tons. Section 2 provides:

> Ships not exceeding ten tons register tonnage . . .

And so on.

Mr. HACKETT: That is the question I asked.

Mr. CHEVRIER: There is some confusion between subsection 9 of section 1 and section 2. One refers to a sailing ship and its definition, and the other refers to exemption from registry, and they are not the same. Answering the first question, what is the effect of the definition of sailing ship: Some years ago the Cannon commission was appointed to inquire into small boat navigation on the St. Lawrence river, and one of the facts disclosed was that many of these small boats were operating without steamship inspection and without certificated officers. The commission

came to the conclusion that it would be advisable to make these small vessels subject to steamship inspection because of the number of collisions that had taken place. The object of subsection 9, subparagraph 89, is further to define "sailing ship" by simply saying that it means a ship propelled wholly by sails, so that from now on that vessel, even if it be a sailing ship, will be subject to steamship inspection and will have to abide by the requirements regarding certificated officers. Subsection 2 deals with an entirely different matter. It has to do with exemption from registry.

Mr. HAZEN: I am afraid this amendment is going to work a great hardship on boats engaged in coastal trade along the shores of the bay of Fundy. I am not familiar with their business, but sometimes I go down to the wharves in the harbour in the city in which I live and I see these boats. I could name some of them. They have sails, and they also have an engine to assist them. These boats are engaged in coastal trade, and they go along the shore at no great distance from land. A definition of this kind, coupled with the other sections of the act, will work hardship in many cases. The hon. member for Charlotte should know more about the matter than I do, because he is more familiar with that line of business. I think it will be hardly fair to some of these people.

Mr. HACKETT: Does this mean that the goelette with the auxiliary engine, even though it is of 150 tons, is to be treated as a steamship?

Mr. CHEVRIER: That is right. The answer is yes, and that is exactly what Mr. Justice Lucien Cannon recommended in his report dealing with small boat navigation. In the lower St. Lawrence particularly, there are small boats which are—I do not like to use the phrase "menace to navigation"—a problem at any rate for the Department of Transport, and the object was to see whether ways and means could be found of meeting that situation. Some of the recommendations of the commission were carried into effect otherwise than by legislation and this is the first occasion on which it has been possible to bring them under steamship inspection.

Mr. HACKETT: Was the finding to the effect that the goelette was a problem—I will not say menace—because it had an auxiliary engine?

Mr. CHEVRIER: No.

Mr. HACKETT: Because it would seem that no effective attempt is being made to solve the problem by merely taking these goelettes, which are more manoeuvrable and which could be less of a problem by reason of the auxiliary engine, and making them steamships, leaving the sailing ship free from the rules that apply to steamships.

Mr. CHEVRIER: I hope I did not create an unfavourable impression in my hon. friend's mind when I used the word menace. Mr. Justice Cannon certainly never used that expression in his report. What I did have in mind was that it was a problem, and he was anxious to see that it should be solved. I think the hon. gentleman will realize that it is in the interests of safety of navigation on our waters that everything should be done within reason to avoid collisions, and it was found by the various committees that dealt with the matter that the goelette was a small boat and should be subject to the ordinary laws of steamship inspection. That applies equally to the vessels which are now in the coastal trade in the bay of Fundy, referred to by my hon. friend.

Why should it be such a hardship? He says it will be a terrible hardship.

Mr. HAZEN: I did not say exactly that.

Mr. CHEVRIER: Why should it be a hardship when the object is to safeguard navigation and the protection of life? It is not done in order to penalize people who should not be penalized. It is done with one thought in mind, and that is safety of navigation. Why are our laws amended? Why are the highway laws of the provinces amended from time to time? Sometimes motorcar drivers do not like the amendments, but these laws are amended in order to avoid accidents. That is the intention of this legislation.

Mr. HACKETT: I understand that, and I am not criticizing the attempt to make life at sea less perilous. But why do you exclude the sailing ship from the legislation which is being enacted for purposes of safety?

Mr. LANGLOIS: Before the minister answers, I think I should add a few remarks which I am sure will clarify the situation. I must first state to this committee that I am a member of a St. Lawrence motor vessel association, and I am also their elected vice-president. We carefully considered the conclusion of Mr. Justice Cannon's report at our last annual meeting in December. The association feels that some legislation should be passed regarding the classification of ships of that special type, and that some regulations should be passed regarding the certificates which we are to require from their masters.

But the association is of the opinion that the special class this section creates should not be limited to 150 tons. As I said when speaking a while ago, it is just like permitting the driver of a jeep to go without a driving permit while you require it of a driver of a bus or a truck on the highways.

I want this to be clear in the minds of the members of this committee. We are not objecting but rather are pleased to get rid of this system of tolerance under which we were regulated before. We know perfectly well that those ships were not sailing ships, and it was only because of the good graces of the department they were so considered. This situation has led us into all kinds of trouble, as to where the line of demarcation between a motor ship and a sailing ship was and so on.

Mr. STUART (Charlotte): May I ask the hon. member a question?

Mr. LANGLOIS: Yes.

Mr. STUART (Charlotte): Are the boats he mentioned fishing boats or boats in some other line?

Mr. LANGLOIS: They are commercial boats.

Mr. STUART (Charlotte): They would not be engaged in the fishing industry?

Mr. LANGLOIS: No, not at all. As I say, there was always trouble as to where the line of demarcation was; when did a ship cease to be a sailing ship and become a motorship? We are pleased to be rid of this problem. I should like to impress on this committee that it is important not to limit the size to 150 tons. If the master of the ship is a danger to navigation when he sails a ship of 151 tons, he is just as much a danger to navigation when he is in a smaller ship, even if the tonnage differs by only a few tons.

I should also like to have the assurance from the minister that the government intends to follow the report of Mr. Justice Cannon. In his report Mr. Justice Cannon wanted a special class to be created for these small ships. He limited that class to ships below 150 tons. I want to be sure that we are at least creating a special class for ships below 150 tons gross tonnage. By the new sections I see that we are putting our schooners, as we call them, under the term "steamship", as far as certificates of masters are concerned. But we do not create a special class as far as inspection is concerned. If this section goes through, we are going to require of the owner of a small schooner the same thing that we require today of the owner of a ship of 1,000 tons gross tonnage. I gave an example a while ago. Are we going to ask the owner to have two lifeboats on a small ship with a beam of, say twenty feet, where we know there is no room for them? I think I mentioned that before. We should rather take into consideration the territorial waters in which that ship is going to sail and the number of crew she is to carry. The same goes for the certificates we are to require for these captains. Are we to require them to know the secrets of geometry and of celestial navigation? Are we to ask them to use a sextant when we do not even compel them to have one on board? What is the use of asking them to go through nautical schools and learn all about geometry and celestial navigation when we do not compel them to carry the instruments by means of which they can put this theory into practice? If we are to create special certificates for this class of ship, I think we should insist rather on pilotage, checking compasses, the rules of the road, seamanship, et cetera.

The CHAIRMAN: Order. Should the hon. member discuss that matter under the title of sailing ship?

Mr. LANGLOIS: It comes under another clause?

The CHAIRMAN: It will be more in order under a subsequent clause. I think the committee agreed that we would go through the bill section by section, and that all discussion would be directly relevant to the clause under discussion.

Mr. LANGLOIS: I think this is relevant because the two clauses are so closely related to one another.

Mr. HACKETT: I think the discussion is in order. We are dealing with the sailing ship and we are dealing with the type of certificate that should be issued to the sailing ship as defined. I submit with all deference that the discussion is in order.

Some hon. MEMBERS: Go on.

Mr. LANGLOIS: As I was saying, Mr. Chairman, we should ask of these future masters of these ships that they should know well what will be required in the type of trade in which they will be engaged. We should limit ourselves to that. If we are going to take into consideration the territorial waters where the ship is going to sail, I think that those limits—and I am speaking for only my own part of the country—should be the St. Lawrence river and the whole gulf of St. Lawrence, including Chaleur bay. I respectfully submit, Mr. Chairman, that due consideration be given to that; because if we

do not do that, we shall cause prejudice to those whom we want to help by this section.

Mr. CHEVRIER: I am afraid that there is a great deal of misapprehension about what is proposed by this subsection. If the committee will look at the definition, they will see what it says, and it means exactly what is written there. For instance, the hon. member for Stanstead wanted to know whether a sailing ship was excluded. If a sailing ship has no boilers, no engines or no mechanical equipment, it is not subject to steamship inspection. There are many of these vessels upon the waters, I presume.

Mr. HACKETT: If the minister will permit me to interrupt, what I really wanted to know was if the auxiliaries which are generally found in a goelette excluded them from the category of a sailing ship?

Mr. CHEVRIER: No. I said that the goelette was covered by the subsection, and therefore would be required to have steamship inspection. I do not think there is any doubt about that.

Then the hon. member for Gaspe asks why the limit should be placed at 150 tons. If one looks at the definition, he will find that is exactly what is not being done. The former definition mentioned 150 tons, but that is being removed; and the present definition simply states that "sailing ship" means a ship propelled wholly by sails, in order to cover the point made by Mr. Justice Cannon in his recommendation.

Mr. STUART (Charlotte): It would appear to me, Mr. Chairman, from this discussion that a certain group who were in the coastal trade perhaps had equipment which did not meet the approval of the transport department, and in order to bring them into line it is going to force the fishermen to come into line also. I believe that there should be a provision in this regulation whereby men engaged in the fishing industry should be exempt from these regulations. If I am mistaken in this statement I am about to make, I should like to be corrected. For a crew to apply for and receive sick mariners' benefits, I believe the boat must be of ten tons or more. Many boats engaged in the fishing industry today were built to that specification in order to qualify their crews for sick mariners' benefits. The government now brings in this legislation and the boats will be under steamboat inspection. I believe this will be harmful to the fishing industry in the bay of Fundy, and in my opinion this type of boat, if used exclusively in the fishing industry, should be exempt from these regulations.

[Mr. Langlois.]

Mr. HAZEN: The hon. member for Charlotte has just referred to the fishing industry and the men engaged in going down to the sea in ships on the bay of Fundy. I referred to those men a few moments ago, and also to the coastal trade along the shore of the bay of Fundy, which I thought would be affected. Since then it has occurred to me that another class of fishermen will be very much affected by this amendment. Those are the fishermen in Miramichi bay and the bay of Chaleur, many of whom have their headquarters at Caraquet and other points in the northern part of New Brunswick. These men have small sailing schooners, most of which are equipped with engines to assist them when there is no wind. If you amend this act as you now propose, by cutting out subsection 9 as it is at present worded and inserting this other clause, then I think you are going to work a hardship on these fishermen as well. You may ask what that hardship is.

Mr. CHEVRIER: That is just what I was going to ask the hon. gentleman.

Mr. HAZEN: This is just another reason why this matter should have been referred to a committee. Then we would have been sure of our ground and sure of what the act means. I know something about certain sections of the shipping act, but I know less about other sections, and I must say we are now on a section about which I do not know a great deal. But it seems to me the hardship is that, if I understand the regulations correctly, you are bringing these fishermen under certain laws which require them to possess certain qualifications as engineers, masters and so on, before they can sail these ships. These men have acquired great experience over the years—

Mr. CHEVRIER: That is not the effect.

Mr. HAZEN: Then what is the effect of it?

Mr. CHEVRIER: The effect is to make them subject to steamship inspection. The ordinary inspection is once a year, but in the case of a small ship not in excess of 150 tons, such as the hon. member for Charlotte referred to, it is provided in another section of the act that the inspection shall take place only once every four years. Surely that cannot be called a hardship on the particular fishing vessels in which hon. members are interested.

Mr. GIBSON (Comox-Alberni): The further the committee goes along with this bill, the more we appreciate what an excellent suggestion it was that the bill should have been studied by a committee. It is such a long

time since the Canada Shipping Act was opened up in this house that it seems to me time the members here had an opportunity to call before them the examiners of masters and mates, for one thing. Then I believe many hon. members would be glad to have an opportunity of questioning the heads of the steamship inspection branch, because I can tell the minister quite frankly that it often seems to me they are practically a law unto themselves. Personally I have found them extremely competent and fair, but on the other hand some of the requirements they occasionally impose upon some sections of the fishing industry have caused considerable hardship and certainly have brought forth unfavourable comment to me, as a member of parliament.

I do not know whether I am in order at the present time, but I should like to move, seconded by the hon. member for Skeena, that this bill be referred back to the house with a recommendation that it be referred to a specal committee for further study.

The CHAIRMAN: I heard the hon. member's motion, but there is no procedure under which that could be done at the present time, so I would have to rule that this motion is not in order.

Mr. ARCHIBALD: I remember a case when I was first elected to this house, in connection with these steamboat inspectors. Take a fishing boat perhaps fifty feet long. They will go on board one of these wooden hulls and apply the rules that would be applied to a boat built of steel or iron. Here is one thing they did. They demanded that a watertight bulkhead be put up in the forepeak. If that were put on a wooden hull, such as they build on the west coast, dry rot would set in. You cannot apply these rules to wooden hulls. Again, they demand a certain number of watertight bulkheads through the boat. Space on these boats is so confined that you might want a way through, but you could not afford one of these manholes clamped on with about six screws; you would require a door. As far as I am concerned, it is not so much that I oppose the inspection. I am all for it, but I do not want a rigid inspection which will be to the detriment of the fishermen in carrying on their work. There should be definite regulations applying to these hulls, not the same as those applying to boats of greater tonnage.

Mr. CHEVRIER: The regulations are not the same for passenger ships or ships of large tonnage as for the smaller ships. The regulations vary; and of course the steamship inspector has to see that effect is given to the regulations as they exist. In this new type of sailing ship I would not think the inspector would apply the same regulations that he would apply to the larger hull and the greater tonnage. I find that the inspectors in the department are fair in their attitude. When there is a complaint that they seem to be going beyond a reasonable interpretation of the regulations we ask them to reconsider the position, and generally we have no difficulty in that regard.

Mr. LANGLOIS: Speaking on this section a short time ago, apparently I was misunderstood by the minister. I am quite aware that this section does not limit the tonnage to 150 tons, but I wanted to convey to the minister that we make no difference when we come to the certificates of inspection we grant for these ships only. In this section we are not limiting it; and the point I want to make is that, if we do not limit it as far as inspections are concerned, we should not limit it as far as the certificates of competency are concerned. I asked if we were going to create a special class, and I was pleased to hear the minister say that the inspectors will not be asking as much of a small ship of that kind as they will ask of a larger ship. The inspection regulations vary according to the class of the ship and according to the limits of the certificate you want. There are different kinds of inspection certificates; we have class 1 and class 2 inland, and the same for home trade. I am glad the minister has mentioned, if he has not actually given the assurance, that the inspectors will not require the owners of these ships to comply with the regulations which apply to the larger ships.

Mr. CHEVRIER: I think I can give the assurance now. The hon. member for Charlevoix-Saguenay raised a question about the line of demarcation between the north and the south shore. I sent for the map, and I find that it extends from Cap des Rosiers to the west point of Anticosti island, on a straight line to the north shore, which would strike—

Mr. DORION: Thunder River.

Mr. CHEVRIER: Very close to Rivière au Tonnerre, perhaps a bit east of it between Magpie and Rivière au Tonnerre.

Mr. DORION: The line should be drawn from Cap des Rosiers to the St. John river. If a line were drawn from Cap des Rosiers to the St. John river it would be satisfactory.

Mr. CHEVRIER: The committee gave that consideration—the committee in the department—as well as the committee in the other place, and I should not like now to change it. They have given it careful study, and I would prefer to leave it as it is.

Mr. WINTERS: I should like to say this, that I agree with the remarks of the hon. member for Skeena. While the inspectors in my experience have always shown good judgment, they are bound by regulations and, first and last, they will stick by the regulations, just as they should do.

I do not believe the committee has a clear idea of just what a ten-ton boat is. A ten-ton boat would be about 35 feet long with a seven or eight foot beam. In my part of the country, where we are concerned primarily with deep-sea fishing, a ten-ton boat is strictly an inshore boat. In many instances they are used for scallop dragging. There is a big fleet of scallop draggers about that range in size. All those boats will be obliged to undergo steamship inspection. In many instances they are obliged to build racks on the after part to carry as many as four dories for accommodation of as few as six men. They are obliged to be pulled out on a marine railway; have the tail shaft pulled and have the engine stripped down for periodic inspection. In my opinion, and in the opinion of most fishermen who know these boats, those regulations are too severe. Regardless of the tolerance or discretion an inspector may want to use he is obliged to administer the regulations; and therein lies the difficulty.

Mr. STUART (Charlotte): With reference to what was said a few minutes ago, may I point out that the boats in the bay of Fundy which are carrying on in the coastal trade come under the scrutiny of the Department of Transport. Right in my own riding a new boat was built last year. After its purchase, suitable anchors had to be secured, and other chains to meet the requirements of the Department of Transport.

I am not asking that boats in this class should be exempt from these regulations. Any boat carrying on coastal trade should in my opinion have regular inspection, and should qualify for that type of thing. But in the fishing industry you have a different type of work and a different type of boat.

A few moments ago the minister referred to loss of life. I assure the committee that in the maritime provinces the loss of life in the fishing industry, through all sorts of weather, winter and summer, is less than the loss of life in any lake in Ontario for one year. The loss of life is very small indeed, and the men in the industry are most capable. If boats of ten tons are brought under this regulation it will be harmful down there. There will be protests from every section of the maritime provinces.

Mr. HAZEN: Hear, hear.

Mr. MacINNIS: I have listened to the point made by the hon. member for Charlotte. If a person owns his own boat and wishes to go out fishing in it, there is not much reason for having inspection. But if a person owns a boat and hires fishermen to work in it, surely the same regulations should operate as if it carried passengers. What a man does with his own life is, within limits, his business; but when he has control of other people's lives, then he must be made to provide the necessary protection. If the government makes these regulations, then I think they should be followed.

Mr. ARCHIBALD: But the trouble is this. I remember, in connection with the halibut fleet, the inspectors insisted that they carry lifeboats, while they wanted to carry dories, which were just as satisfactory. They could not manage lifeboats. It is like putting a noose around one's neck, and then tying a stone to it.

I do not want to criticize the inspectors, because I recognize the necessity of having them. But I believe that the Department of Fisheries should have been called in on this so that we would know where we were getting.

Mr. CHEVRIER: I do not think there will be any difficulty about the application of the regulations. I think it will not be found that steamship inspectors will try to enforce on small vessels the same regulations as they would on the larger ones. It follows from these amendments that no special regulations will have to be made for this type of ship. As I tried to say a moment ago, I am sure the existing ones will be applied with discretion and care.

Mr. HAZEN: Do all steamships under the regulations have to have radiotelegraph installations; if not, what class of ships do?

Mr. CHEVRIER: The answer is no.

Mr. HAZEN: That they do not have to?

Mr. CHEVRIER: Yes, that is right.

Mr. HAZEN: Apparently under the regulations some of them do, according to section 40 of the bill.

Mr. CHEVRIER: The question was as to whether all steamships do.

Mr. HAZEN: If not, what class of ships do?

Mr. CHEVRIER: Perhaps we could leave that until we reach the section.

Mr. HAZEN: Would a schooner equipped with a motor, such as they have on the Caraquet coast, classified as a steamship, be obliged to have radiotelegraph?

Mr. CHEVRIER: No.

Mr. GIBSON (Comox-Alberni): From what the minister has said, so far as the application of the act is concerned the most important factor would seem to be who has a hand in the drafting of the regulations. We have the act, and then we say we will make regulations to give exemptions thereby modifying what the act purports to do. Is there any possibility of getting an assurance from the minister that some of the very able gentlemen on the committee might be called into consultation when these new regulations are being drawn up?

Mr. CHEVRIER: I believe I can give assurance to the committee that the regulations which will be drawn up will be made having regard to the representations made here, and to representations which hon. members may care to make at a later date. The object of the regulations is of course, to make the act work. If the regulations were not in harmony with the legislation there would be no point in enacting them.

I believe hon. members will find that, once the bill is passed, the steamship inspection branch and officials of the department who are concerned will adapt the regulations to meet the circumstances as they find them, and have regard to the representations which have been made here.

Mr. STUART (Charlotte): Would the minister give the assurance that hon. members who are very much interested will have an opportunity of placing their views before those responsible for the act?

Mr. CHEVRIER: The hon. member may place his views before me at any time.

Mr. STUART (Charlotte): Can the minister assure me that the type of boat to which I have been referring will not be included in these regulations?

Mr. CHEVRIER: I cannot assure the hon. member of that. I could give no such assurance, because that would not be in accordance with the intention of the act. My hon. friend asks me to say that a certain type of ship will be excluded. I can tell my hon. friend that I shall consider the representations he has made with regard to the type of ship he is interested in and pass them on to the steamship inspection board so that in drafting the regulations following the passage of the bill an effort may be made to meet the circumstances which exist on the coast in which he is interested.

Section agreed to, on division.

Sections 2, 3 and 4 agreed to.

On section 5—Other grades.

Mr. LANGLOIS: Paragraph (b) of this section refers to steamships of under 150 tons gross tonnage. If I understand this section aright, we are creating a new type of certificate of competency for the masters of these ships, and I want to submit again that this should not be limited to ships of 150 tons. We have received assurance from the minister that, as far as inspection is concerned, there is to be a special class created for this special type of ship. This section deals with the certificate to be given to the master of the ship, but it is limited to ships of 150 tons. That was the point I intended to convey to the committee, but apparently I was misunderstood.

If we create a special certificate of competency for this class of ship, the certificate should not be limited to ships of 150 tons, it should be limited by the territorial waters in which the ship is going to navigate. I respectfully submit that due consideration should be given to this question. I hope the minister will be able to change the section so that the new class will not be limited to ships of 150 tons.

Mr. HAZEN: What kind of certificate is referred to in this section? Is it a certificate of seaworthiness or a certificate for the officers?

Mr. CHEVRIER: For the masters and mates.

Mr. GIBSON (Comox-Alberni): I agree with what the hon. member for Gaspe has said. It is just as difficult to navigate a ship of 150 tons as it is to navigate a ship of 1,000 tons. As the hon. member for Gaspe has said, the controlling factor should be the waters in which the ship is to operate. A ship of 150 tons can be just as great a menace to navigation as one of 10,000 tons.

Section agreed to.

Section 6 agreed to.

On section 7—Certificates for naval officers.

Mr. HAZEN: The new section will read:

A person who has attained the rank of lieutenant in the executive branch of the Royal Canadian Navy is entitled to receive from the minister a certificate of service as master of a foreign-going steamship without examination.

Does the term "foreign-going" steamship refer to a ship registered on Canada?

Mr. CHEVRIER: Yes.

Section agreed to.

Sections 8, 9 and 10 agreed to.

On section 11—Exemptions by minister.

Mr. GIBSON (Comox-Alberni): We are going so rapidly that we cannot even read the sections.

Section agreed to on division.

Sections 12 to 16 inclusive agreed to.

On section 17—Repeal.

Mr. GIBSON (Comox-Alberni): We are putting through this bill and I do not think anyone has the foggiest idea of what it is. It is going through and that is all.

Section agreed to.

On section 18—Certificate of discharge.

Mr. GIBSON (Comox-Alberni): I should like to speak on this section although I have not read it. I shall read it for the edification of hon. members of the committee. It reads:

18. Subsection one of section one hundred and eighty-two of the said act is repealed and the following substituted therefor:

182. (1) The master shall sign and give to a seaman discharged from his ship, either on his discharge or on payment of his wages, a certificate of his discharge in a continuous discharge book in a form approved by the minister, or any form approved by the proper authority in that part of His Majesty's dominions in which the ship is registered specifying the period of his service and the time and place of his discharge, but not containing any statement as to his wages or the quality of his work unless requested by the seaman.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. DOUGLAS ABBOTT (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, in the budget speech last year I was able to say that the circumstances of the time were much more favourable than in any of the immediately preceding years. This year I can again report, so far as Canada is concerned, an unprecedented rate of economic activity and a new record of progress in our government accounts. But no minister of finance can survey world events of the last twelve months without thinking more in terms of problems and difficulties than of progress and achievement. From the time of Stalingrad and El Alamein until last year the western world had seen its fortunes improve year after year, first in war and then in reconstruction. Last year brought a check to this advance and for many countries a series of troubles and misfortunes. As between nations, strife and bickering increased and once more the threat to political security became a real one. There is still cause for optimism, both in regard to the great political issues and in economic and financial affairs, but it must be an optimism tempered with a realistic appreciation of the formidable difficulties that must be overcome if we are to achieve peace and prosperity for the world and for Canada.

It has clearly been this international background that has exerted the dominant influence on our own affairs during the past year. Of its political aspects I need not speak tonight. They have been on the tongues and in the hearts of us all in the last year and we have recently had in this house a masterly exposition of their bearing upon Canada's external relations by my colleague, the Secretary of State for External Affairs. In the economic field, adverse weather in western Europe of an extreme surpassing the records of centuries, following upon the losses and destruction of war, greatly intensified troubles of a more persistent nature. Britain tried without success to re-establish the convertibility of the pound and to forgo discrimination in her import controls. One country after another was forced to reduce consumption and restrict imports in order to conserve rapidly dwindling exchange resources. This gathering crisis in international finance and trade led not only to the recasting of reconstruction plans on less ambitious lines but also to an intensive re-examination of the economic position and prospects of Europe and ultimately to the formulation and enactment of the Marshall plan, or, as it is now called the European recovery program. The enactment of this large-scale, well-thought-out, great-hearted approach to the restoration of international economic health represents, in my opinion, a triumph not only for the individual statesmen who conceived and moulded it but also for the United States congress which rose to this occasion as it has risen to other great emergencies.

The impact on Canada of the developing financial difficulties of countries in western Europe and elsewhere was reflected in our own exchange difficulties. We faced limitation on our sales abroad for currency which we could use in the United States, and we had to sell too much of our production on credit. Meanwhile, because of our high level of economic activity and prosperity, our imports were going up by leaps and bounds, both in quantity and in cost. The surplus in our current transactions with other countries dwindled and threatened to disappear. Our sales on credit continued in many cases because of commitments already made. The consequences, of course, are now all too familiar to this house. Our exchange reserves were reduced to dangerously low levels. We were forced to impose distasteful restrictions on our imports of both consumer goods and capital goods. We found it prudent to arrange for a credit from the Export-Import bank of Washington. We have tried to restrict our domestic consumption, particularly of relatively less necessary articles which have a high United States dollar content. We have taken other positive measures to increase our exports. In these and other ways we have endeavoured to re-create that surplus in our balance of payments which must be the basis for any re-establishment of our international position.

From our point of view, the operation of the European recovery program will be of real importance. It will be important, first, in its effects in strengthening those countries which have been and will in future remain essential markets for our products and, secondly, in making it possible for us to sell our exports to these countries now for United States dollars which we can use to pay for our own imports from the United States. These are clearly great advantages, but I wish to emphasize that the program will not in itself solve our exchange problem. It should help to assure us much larger cash markets for our exports than would otherwise be available but we must make the goods available for export by increasing production, by being sparing in the use of imports and by holding our domestic consumption in reasonable check. We must re-create and make as large as possible the current account surplus to which I have referred. The magnitude of that surplus will determine two things: first, the extent to which we can replenish our exchange reserves and, second, the extent to which we can continue to play our part in providing assistance to the European nations which must be put back on their feet.

Clearly our own exchange difficulties will severely limit our capacity to provide such assistance, but I think it would be the desire of this house and of the Canadian people to continue to play our part in this field to the extent of our capacity. Our exchange reserves are still abnormally low. At the end of March they were $607 million, of which $50 million represented drawings upon the Export-Import bank loan. At the end of April they were $668 million, including $80 million drawings upon the loan. These totals, however, reflected not only the use of that loan but also the effect of certain transactions of a special or non-recurring character. Nevertheless, making due allowances for any abnormal factors on both the favourable and unfavourable sides, I think we have a right to be gratified with the first six months' operations of the emergency program we put into effect last fall. We have stopped the abrupt decline in our exchange reserves and have started to rebuild them; we have reduced our imports from hard currency areas and obtained an increasing proportion of our needed supplies from other sources, and we have had an encouraging increase in our exports to the dollar area as well as to the world as a whole. But our cash reserves must still be increased substantially before we can regard our exchange position as satisfactory. We can neither be too hasty in relaxing the irritating controls we have had to impose nor too optimistic in appraising our capacity to give further assistance to world recovery.

Our domestic economy has continued to boom, despite the international shocks that we have received and despite the inroads we have made during the last three years into our backlog of demands accumulated during the war. The pace of economic activity has been such as to strain our resources. Shortage of labour in certain sectors of the economy has been acute, and despite the substantial expansion of our industrial capacity the shortages of certain categories of materials and/or products have been by no means eliminated. Our national production has increased but only moderately so on an over-all basis when account is taken of the effect of adverse weather on crop production last year. In any case, once full employment is reached as it was last year, any expansion in total output is bound to be limited and gradual. Our gross national production in 1947 exceeded $13 billion, up by 13 per cent over the previous year, but most of this increase was due to the rise in prices and wage rates.

When one examines the figures of national income, production and expenditure in 1947, which are set forth in the white paper serving as an appendix to this budget—and I hope its

improved form will prove more helpful to hon. members—it is notable that in 1947 expenditures by governments on goods and services were reduced, despite the increase in prices. This reduction, which was confined to expenditures of the dominion government, arose, of course, from the virtual disappearance over the past year of our purely war and demobilization activities. The largest total increase in dollar expenditures in 1947 over previous years was by consumers, but the proportionate increase was small and when allowance is made for changes in prices, the increase in the volume of consumption was in fact on only a moderate scale.

The most striking feature of the national expenditure last year and now is the high level of capital expenditure on new construction, industrial plant and equipment, public utility projects and residential housing. It is this, together with the high level of domestic consumption and of exports, which is keeping us so fully employed and, indeed, straining our economic capacity. It is also one of the main forces behind our huge volume of imports. The very large increase in these expenditures between 1946 and 1947, both in dollars and in real terms, brought the totals up to levels far beyond anything ever before experienced or expected. A survey of intentions, recently made by the department of reconstruction, shows that further substantial increases in such expenditures are anticipated for 1948, but these increases are largely accounted for by higher costs. There is some evidence here and there of industrial expenditures being restricted now or deferred because of higher costs, but the backlog, particularly of utility expenditures and housing demands, is very large and it seems unlikely that there will be any serious falling-off in this strategic item of national expenditure despite a wholly understandable reluctance on the part of business to pay present high costs. This government has, of course, been deliberately restricting its own expenditures on construction and equipment during the last two years, partly because of the high cost of such work under current conditions but more fundamentally because of its desire to keep excessive national expenditure within bounds and to defer wherever possible the construction of useful projects until the time when private expenditure will be lower and additional government work will help to maintain employment and income.

To most of us, the rise in prices has been the immediate pressing fact of our economic life. There is no need to go into statistics and details here. The main index figures are set forth in the white paper. Our prices have gone up

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quite substantially in the past fifteen months. They are now closer to American levels than previously, but they still lag behind in terms of the total increase over pre-war figures. In most countries prices have continued to advance substantially and the upward surge of our prices has been part of a worldwide movement exerting its influence on us through imports and exports. In Canada, moreover, the process of removing subsidies and price ceilings has now been nearly completed, leaving prices free to adjust themselves to cost and market conditions once again. For these and other reasons, Canadian prices have moved up much more closely in line with world prices for imports and exports, an adjustment that we had to face at some stage and which has been made much easier by the return of our dollar to parity with the United States dollar. These adjustments have accounted for a substantial part of the increase in our prices since the last budget. However, part of this increase is also due to the fact that the aggregate volume of expenditure in Canada is pressing upon our limited supplies of resources and manpower. As consumers, we are bidding eagerly for a limited supply of goods, throwing into the auction not only most of our current incomes but also part of our past savings and additional funds obtained by instalment credit. As producers, we are spending a record-breaking volume of funds in the construction, repair and equipment of industrial plants, commercial establishments, public utilities and housing, bidding against each other for a highly limited supply of construction labour and materials. An inevitable result of this endeavour to do too much too quickly is the persistent upward pressure on the price level. Whether undue advantage is being taken of this condition of eager demand and short supply and whether there are other factors in the situation are questions which have been under prolonged investigation by a special committee of this house.

The policy of the government has been to return to a free price system and to moderate the inevitable increases in prices at this time by whatever fiscal and other methods are possible under such a system. Neither this government nor this parliament has either the political mandate or the constitutional power to maintain indefinitely in peacetime a straitjacket of controls over prices, production and distribution. Our whole economy has been organized to operate on a price basis through private incentives and private initiatives, not by centralized direction. I believe that the great majority of Canadians want it to work that way, want it to work by free and open competition and not by government direction

on the one hand nor on the other hand by direction of the irresponsible power of monopolies, cartels and other organized groups.

It would have been more comfortable had we been able to return to a free price system under general conditions of stability, balanced production and abundant imports. Fate did not afford us that opportunity. We cannot now retain over-all controls and subsidies in the hope that conditions will soon return to normal. We have consequently removed controls on all but a very few items where shortages are so acute that no reasonable increase in price could either correct them, on the one hand, or bring about a better distribution on the other. We have, of course, been forced, against our will, into emergency control of imports and of a few prices where import restrictions have produced temporary shortages, but this exceptional necessity does not alter or vitiate the basic policy which I have described.

Apart from residual measures of price control and the operation of the Combines Investigation Act, the government has actively countered inflationary pressure by its budgetary and financial policies. It has also done what a government could do to meet inflationary pressure by the most fundamental method, that is, by stimulating increased production to satisfy excessive demands.

Our budget policy has been clear and explicit. We have striven to bring expenditures down and to keep them down. War activities have been curtailed as rapidly as possible. Economy has been observed in the expenditures we have had to make. We have deferred wherever possible expenditures on construction, new equipment and new projects in general. Some we have had to undertake because of the urgency of the need or, as in the case of expanded research facilities, because of the value of the returns we expect to get in the future; but the government and the treasury have been tough in approving expenditures, particularly for new projects, for equipment and for construction. We have been more restrictive than would probably be wise in normal times, and more restrictive, I believe, than private industry has been.

On the taxation side, our policy has been to reduce our taxes where they were impeding work and production, but otherwise to keep them as high as is reasonably practicable in the circumstances, in order to produce a surplus that could be used to make the loans and investments we are required to make and to reduce the huge debt that we necessarily accumulated during the war. Some tax reductions have been made, of course, to encourage the expansion of production, and some because the burden of income tax on individuals which had to be imposed in wartime was greater than that which could reasonably be borne in peacetime, however urgent the financial or economic necessity. At the termination of our wartime tax agreements with the provinces, we were obligated to reduce our rate of corporation tax, and consideration for the revenue requirements of the provinces led us also to give up some of our wartime taxes. By and large, however, the taxation aspects of our budget policy, as well as the expenditure aspects, have been primarily directed to countering the inflationary pressures threatening Canada in recent years.

The results of our budgetary policy are evident in the figures. Our total expenditures of all kinds were reduced from $5,136 million in 1945-46 to $2,634 million in 1946-47, and there was a further substantial reduction last year to a total of $2,199 million. Our revenues, on the other hand, declined only from $3,013 million in 1945-46 to $3,007 million in 1946-47, and the further decline last year was very moderate, considering the substantial reductions in tax rates, because the total for the year was no less than $2,869 million. From this it is evident that we had a surplus of revenue over expenditure, in the accounting sense, of $670 million in 1947-48, following one of $373 million in 1946-47. This surplus—considerably larger than our largest pre-war total budget and large enough to gladden the heart of any minister of finance—would not be justified as good policy were it not for the need to check inflationary forces at this time and to redeem our debt as quickly as we can under circumstances as favourable as they have been. There will never be a better time to reduce the burden of our national debt. We can do it now without hardship and thereby get ourselves in better position to bear the extra burdens we may have to assume when our national income becomes less buoyant or other untoward developments occur.

In order to judge the effects of our budget policy upon the income and expenditure of the nation, we must make a number of adjustments and take into account our loans and investments, our borrowings and repayments. First, we must correct our surplus of revenue over expenditure for those items included on both sides of the accounts that are essentially bookkeeping entries and not actual payments; for example, the amount set aside in the reserve for loss on realization of our active assets, which is shown as an expenditure but which does not represent any actual payment of cash. These adjustments change our accounting surplus of $670 million to a cash surplus of

$727 million. Then we must add the cash we have received from sources other than revenue, mainly repayments of debts and amounts received in annuity and pension funds. Adding these items to our cash surplus brings our total up to $1,181 million. The largest item of this nature is the repayment by the foreign exchange control board of $220 million of advances formerly made by the government to enable it to acquire exchange reserves, and which are repaid with the Canadian dollars obtained when these reserves are liquidated. Normally we do not make public the amount of our reserves or such figures as these until much more time has passed, because this would assist and encourage speculation. However, because parliament required full and up-to-date information in order to deal intelligently with the emergency exchange measures, I made information currently available during the last few months. I have therefore brought the information up to date but I propose to revert hereafter to our normal policy.

A moment ago I spoke of the total of our cash surplus plus the amounts of cash received from loan repayments and increases in certain funds as amounting to $1,181 million. This amount together with our cash balances on hand at the beginning of the year represented the total cash funds available to the government during the year, after taking care of the year's budgetary expenditures. A substantial portion of these funds was used to make loans and investments which gave rise to income and expenditures in Canada and which cannot, therefore, be considered as anti-inflationary. The principal items of this character were our loans to the United Kingdom and other countries for use in purchasing Canadian exports, which amounted in all to $499 million. Less important items having the same effect were portions of the advances for the Veterans Land Act and to crown companies, and the payments made out of the deposit account which we held for UNRRA. It is difficult to draw an exact line, but it would appear that the total of these payments likely to give rise to income or directly to expenditure on goods and services would be less than $600 million. The remainder of this large cash fund—over a billion dollars, in fact—was used not for current expenditure nor for loans and investments but to reduce outstanding government debt in the hands of the public and the banks.

The ways in which this was effected are worth noting. The largest part of the total, approximately $536 million, was used to redeem government securities. This was in addition to those redemptions financed by the issue of new securities. A further small amount of funds was made available in a similar but indirect way to lend money to the Canadian National Railways to enable them to redeem their securities. Still another portion of these funds accomplished the same purpose in being paid over for purchases of our own securities before their maturity. This was done in the operation of the securities investment account, which is the account used for the investment in our own obligations of surplus funds on hand. Last year our security holdings on this account increased by $410 million, nearly as much as our net redemption of debt. These securities may be held as temporary investments of surplus cash balances or until the securities mature or are cancelled but their purchase for purposes of this account has the same economic effect as the retirement of debt.

The fiscal policy and action which I have described have been accompanied by a cessation of the wartime increase in the monetary supply and a tightening in the field of credit. The cash reserves of the chartered banks were slightly lower in 1947 than they had been in 1946—when they had reached their peak. The supply of active money—as indicated more accurately than before by the new statistical series recently compiled by the Bank of Canada—reached its peak in October, 1946, at just over $4 billion and has remained during the past year at a level slightly below that figure. Any increase which has taken place in the total Canadian deposits of the chartered banks since October, 1946, has been in the inactive savings deposits held by the public primarily as investment of their savings. It was possible to have this stability in our active money supply because the government was able to reduce its outstanding securities held by the banking system and so largely offset the effect of the substantial increase which took place in chartered banks' loans and non-government investments. I will not endeavour here to go into the details; the important features for 1947 have been explained and emphasized by the governor of the Bank of Canada in his last annual report.

Members of this house and others will also have noted that the government and the Bank of Canada permitted market forces to bring about some increase in the yield on government securities during the past few months. This increase in interest rates at this time is not expected to have any great effect in restraining the high level of capital expenditure that is going on under present circumstances and which is contributing towards an inflationary situa-

tion in Canada, but such effect as it may have will be in the right direction. However, I do not believe that any reasonable increase in interest rates would act as a serious brake upon business expenditures under the circumstances of today nor would it serve effectively to persuade consumers to spend less and save more of their income.

Perhaps I might amplify this statement. Looking at the supply side of the market for funds, I cannot attach great importance to the influence of interest rates on the volume of savings by the general public. It is difficult to believe that the mass of small savers are likely to reduce their living expenditures under current conditions, merely because they can obtain a higher interest rate on the money they would save. It is possible, of course, that higher rates would induce the public to increase its purchases of government bonds but this would not be anti-inflationary unless they were doing so by increasing their current savings. Otherwise it would simply represent a switch from idle savings deposits to bonds and have no national economic effect.

Analysis of the demand side of the market leads me to the conclusion that no reasonable increase in interest rates is likely to affect materially the action of the industrial borrower. In that field demand is so intense that it would take a really substantial change in interest rates to dampen his enthusiasm and make him defer his capital project. But a rise in rates sufficient to produce these results would cause so drastic a fall in the prices of bonds and such chaotic conditions that I doubt whether any responsible person would recommend it as a deliberate policy. What we need is a slowing down, not a sudden cessation, of the capital development which has been taking place at a pace which has been straining our resources.

Without any further discussion of the economic background, I propose now to note briefly the main points concerning our expenditures and revenues in the past year and then to consider what the prospects are for this new fiscal year and what policies and measures should be adopted.

As is now the custom, detailed information concerning our expenditures, revenues, assets, liabilities and main financial operations for the last fiscal year are included in the white paper constituting an appendix to the budget, and I would suggest that hon. members and others examine this at their leisure—if the use of that term is applicable to hon. members of this house. The figures are, of course, preliminary, as it takes some time to close the accounts for an organization as vast and varied as the government of Canada.

As I have already stated, our total expenditures amounted during the fiscal year 1947-48 to $2,199 million and our total revenues to $2,869 million, leaving us with a surplus now estimated at $670 million. This is, of course, a large surplus—in absolute terms and in relation to the magnitude of our revenues and expenditures. It is larger than we anticipated last year, because our revenues turned out to be very much higher than we expected. Our revenues are sensitive to increases in prices and incomes and in expenditure on less essential or luxury goods and they increase more than in proportion to the rise in incomes and prices at times such as these. In forecasting our revenues at the time of the last budget, we had, of course, assumed a rise in prices and incomes, but we had to be reasonably conservative in doing so. Any minister of finance, should and would, I think, tend to err on the safe side. Our forecast proved to be much too conservative; prices, wages, profits and expenditures, all increased much more than we had anticipated. As a consequence, our revenues from the sales tax, the personal income tax, and the taxes on corporate profits were all substantially higher than we had counted on in the budget. The same was true of customs revenue, because both the volume and the prices of imports were much higher than we had expected a year ago. It was also true of special receipts and credits.

I have already explained the important role which this large surplus has had in helping to hold in check the inflationary forces which have threatened us in the past year. It is these very forces, and the extent to which they have prevailed, that have caused the surplus to be as large as it is. Had we not geared our tax system to produce such a surplus in these conditions, prices would have risen more rapidly than they actually did.

Expenditures have turned out to be slightly higher than I forecast a year ago, but mainly because I have come to the conclusion that this year the amount to be added to our reserve for possible losses on ultimate realization of our active assets should be $75 million rather than the amount of $25 million, provided each year for the previous seven years. This will be sufficient roughly to offset the charges which have been made to this reserve during the past two years and will restore the reserve to a level which I believe will be more in keeping with the magnitude of our assets and the proportion of them which consists of loans to overseas countries.

Apart from this item, our budget forecast of total expenditure turned out to be very close to the mark. Total expenditures, excluding the $75 million appropriation to the gen-

eral reserve, amounted to $2,124 million against a budget forecast of $2,100 million. Expenditures in many cases were affected by the rise of prices and incomes, just as revenues were—for example, the higher general level of wages and salaries required higher levels of civil service salaries, and the cost of both materials and construction considerably exceeded the levels upon which the estimates were based. On the other hand, expenditures were held in check in certain cases by the difficulty in getting labour, materials and even contractors for construction projects.

As compared with the previous year, the chief features in our expenditures last year were the great reductions in the war and demobilization expenditures of national defence, and in expenditures on termination and liquidation of war contracts, on cost of living subsidies and on veterans' benefits. There were, on the other hand, increases in payments to the provinces and in expenditures on health and welfare, public works and transport facilities. The details are set forth clearly in the white paper and the salient points are summarized in the text of that document, so I will not take the time of the house to recapitulate them here. It might, however, be appropriate to make the comment that last year's expenditures still included fairly substantial items—particularly on subsidies, foreign relief, veterans' benefits, and housing—that are essentially temporary, post-war reconversion requirements which should largely disappear in time, though they may, of course, be replaced by other items.

In discussing the effect of last year's cash surplus upon the economic situation, I have already spoken of the main features of our disbursements by way of loans, advances and investments, and I will not endeavour to repeat any of the comments here. The details are set forth in the white paper. Our borrowing operations during the last fiscal year were not such as to call for much in the way of special comment. I have referred already to the short-term loan, arranged with the Export-Import bank of Washington, about which I gave details earlier this session in the debate on our emergency exchange legislation. The only securities sold to the general public during the year were Canada savings bonds which were on sale throughout the year, a new and second series being offered in October last. Gross sales during the fiscal year were $309 million. Leadership on the part of employers was of great importance, and more employers than ever expressed the belief that it was in their interest to assist in the carrying out of a successful canvass of employees. During and since the intensive sales period, reports from many employers have testified to the value of the special features of the Canada savings bond and of the payroll savings plan in promoting satisfactory employee relations, stability in family resources and continuity of purchasing power. The net amount of Canada savings bonds outstanding rose from $483 million at March 31, 1947, to $655 million at March 31, 1948.

Figures of our total funded debt and its composition as of March 31 last are given in the appendix, and I need not weary you with that detail here nor, I think, with figures of our debt redemptions during the year. Our net debt, of course, declined during the year by the amount of our surplus, and this reduced the total as of March 31 to $12,378 million. Although this represents a decline of $1,043 million from the peak of two years ago, it is still a very high figure and a reminder of the need we face to manage our revenues and expenditures in such a way as to throw off the maximum practicable surpluses under such prosperous conditions as we enjoy today.

The average interest payable on our funded debt outstanding as of this date was 2·66 per cent, compared with 2·65 per cent a year earlier.

FORECAST FOR 1948-49 BEFORE TAX CHANGES

The total expenditures provided for in the main estimates this year are approximately $1,985 million. Actual expenditures under individual votes normally fall at least a little short of the estimates, because the vote itself is the outside limit rather than the best forecast of probable expenditures. This year, however, with increased prices and salaries, with the development of post-war departmental programs, and with better recruiting results in the armed services, I would not expect the margin between votes and expenditures to be as great as last year, particularly as the treasury board restricted severely the introduction of new projects or of expanded programs in screening the estimates. There will also be substantial supplementary estimates later this year, though I do not expect quite such large supplementary estimates and further supplementary estimates this year as we had last year. The major increases to be covered by supplementary estimates that are now known are additional amounts for veterans allowances and disability pensions and for freight assistance on feed grains beyond July 31. There is a considerable variety of smaller items to be covered as well. In addition, there are some new or increased statutory expenditures, including, for example, the gold

mining assistance payments and certain health grants announced last week. Allowing for the same provision as last year for our general reserve against losses on the ultimate realization of active assets, and apart from any expenditure arising from new developments in policy, I would estimate that our total expenditures in this new fiscal year will be very close to those of last year, notwithstanding the increase in prices. I am, therefore, putting down a forecast of $2,175 million.

While it is not possible or appropriate at this stage to make any allowance for major developments in policy not yet decided upon by the government, I feel we cannot afford to overlook the possibility that developing events in the international field may sooner or later make it necessary to increase our expenditures on national defence. The main essentials of the international situation and of the defence problem are already publicly known. As yet, the situation, despite its threatening appearance, has not led the government to believe that an immediate expansion in our defence activities now is necessary. Events are marching swiftly, however, and we must be prepared to change our program on short notice. While we would not be justified in forecasting higher expenditures this year on this basis, I think we must bear these circumstances in mind later in considering our tax policy.

I turn now to the revenue side of our accounts. Assuming no change in existing tax laws, we now estimate that our revenues in this fiscal year will amount to $2,724 million. In making this forecast, we assume some small further increases in wages and other incomes and some prices, a small increase in our national production, normal crops, and no serious industrial disputes or other setbacks to production and income. These are, I would say, conservatively optimistic forecasts. Prices, wages and profits may increase much more if inflationary forces prevail. Good crops would increase our real production and our revenues above what I have assumed and forecast. On the other hand, serious difficulties in our export markets, poor crops, prolonged stoppages of production or an abrupt decline in capital expenditures of Canadian business might reduce incomes and our tax base and make our estimates appear too optimistic. We have made these forecasts carefully, fully conscious that our last year's estimates proved unduly conservative. We believe them to be fair and honest figures, given the assumptions I have made.

With the consent of the house, I shall place on *Hansard* at this point a summary table showing the forecast for this fiscal year of revenues from each main source, compared with the actual receipts last year.

Forecast of Revenues

	Forecast Fiscal year 1948-49	Actual Fiscal year 1947-48 (Preliminary)
	(Millions of Dollars)	
Customs duties	250	293
Excise duties	200	197
Sales tax (net)	395	372
Other excise taxes	270	268
Income tax		
Personal	675	660
Corporate	520	364
Excess profits tax	60	227
Interest and dividends, etc.	38	36
Succession duties	32	31
Miscellaneous	4	4
Total tax revenue	2,444	2,452
Non-tax revenue	190	178
Total ordinary revenue	2,634	2,630
Special receipts and credits	90	239
Grand total revenue	2,724	2,869

It will be noted from this table that we anticipate in general relatively little change in the aggregate receipts from taxes, $2,444 million against $2,452 million, but substantial changes in the receipts from individual sources of revenue. Excise duties are expected to remain stable at about $200 million. Customs duties last year reflected the abnormal level of imports particularly in the months just prior to the imposition of our import restrictions. As a result of these restrictions and of lowering of tariffs under the Geneva agreements, customs duties this year are being estimated at $250 million against $293 million last year. Taking into account the partially offsetting effects of higher prices, the loss of certain excise taxes and new or increased taxes, we estimate that the total yield of excise taxes, including the sales tax will exceed that of last year by $25 million. In the case of personal income taxes we estimate a moderate increase, the effect of increasing incomes not being fully offset by the fact that the reductions in rates made in last year's budget will be effective for the full year. We are also estimating that there will only be a modest decrease in the combined yield of corporation and excess profits taxes; the excess profits tax ceased to apply to profits earned after January 1, 1948, but the consequent decline in this tax should

be largely offset by the rising yield of the ordinary corporation tax due to increased earnings.

In regard to non-tax revenue, I anticipate a moderate increase due to the increasing return on investments and some increase in post office receipts. However, special receipts and credits, which include receipts from sales of war assets, refunds of previous years' expenditures, and various items previously of a bookkeeping nature, are expected to decline from $239 million last year to approximately $90 million during the current year.

With anticipated expenditures of $2,175 million and revenues of $2,724 million, it would appear likely that in the absence of any tax changes we should have a budgetary surplus of $549 million in the current fiscal year. However before coming to the tax changes which I shall recommend, I wish to refer to certain additional transactions in our government accounts which are extremely important from the economic standpoint and important also in appraising the significance of this prospective surplus.

The surplus is in terms of expenditures in the accounting sense and does not include our loans, advances and investments which, in fact, require disbursement in cash as much as do expenditures, have in many cases similar economic effects and differ only in giving rise to an asset or claim which we show on our books. I have already noted some of the important items in this category in speaking of our operations last year. It is not possible to forecast these items for the new year in detail nor with great accuracy, but I think I can safely predict that we shall have some fairly substantial items of this character this year, as we did last year. Provision is made in the estimates already tabled for loans and investments of approximately $51 million, of which $50 million is for various purposes under the Soldier Settlement and Veterans Land Acts and approximately $1 million for the construction expenditures of the national harbours board. We must also anticipate some loans to the Canadian National Railways and other government corporations and enterprises, although at the present time I am unable to forecast the magnitude of these.

The important items in the last few years have been those relating to the financing of exports. In this current fiscal year, we shall not have such large loans to overseas countries as we did last year, but we shall have some. I should expect that, taking into account what we know about our prospective balance of payments for the current fiscal year, we shall have to use an important part of our

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budget surplus to finance the excess of our exports of goods and services over our import of goods and services. This will include the Canadian dollars which we must find to finance exports to foreign countries on credit and to buy United States dollars from Canadian exporters which we must add to our reserves or use to pay our debts abroad. This use of Canadian dollars to finance current international payments adds to incomes and national expenditures and should be deducted from our surplus in appraising the real effect of government operations on the inflationary situation. We should deduct in a similar way that part of our domestic loans and investments which will be used on capital expenditures or for other spending purposes.

Moreover, a substantial portion of our redemption of debt this coming year will take the form of the repayment of refundable taxes, and we must expect that a large proportion of this particular type of debt repayment will give rise to current expenditures and cannot be reckoned anti-inflationary. The law requires us to repay before the end of this fiscal year the refundable portion of the taxes on the income of 1943, which we have estimated at $150 million for personal income taxes and $67 million for excess profits taxes. In addition, the government has decided that in view of the increasing difficulty of tracing the movement of taxpayers and identifying them, and in order to save the heavy expenses of a double issue of cheques to over one million recipients, the refundable tax that was collected on that part of the personal income of 1944 that was subject to such tax, will be repaid at the same time as the refundable tax on 1943 incomes. This will mean an additional refund of $80 million or a total for the two years combined of approximately $230 million. That part of these refundable taxes and of our loans and investments that will be used to finance expenditures will account for a large part of our surplus and only the remainder will have an important anti-inflationary effect. Consequently, it is upon this remaining portion that we should concentrate in considering our budget policy.

BUDGET POLICY

From the information I have given, it is clear that if our budget problem were simply and solely to find enough revenue this year to meet our expenditures, defined in the narrow accounting sense, we could afford to reduce taxes by a substantial amount. But that is not our budget problem, and if we approached our affairs in such a shortsighted manner, we would betray the responsibility which the people of Canada have entrusted to us.

In the first place, we must look further into the future than this year. Quite apart from any effort to influence the economic situation, which I will consider later, we must bear in mind that times are exceptionally good at present, economically and financially, and it would not be prudent to rely on such conditions continuing indefinitely. We should now be preparing for times when markets and employment are not so favourable—or at least when we will have to spend money to support them and to meet other expenditures that turn up when business turns down. Our surpluses now are temporary surpluses and will quickly disappear when we have more difficulty in selling our goods abroad and less capital expenditure by business in Canada. We should, therefore, be putting away what we can now for a rainy day. In our case, we put it away by paying off debt.

Secondly, we face today very great uncertainties in international affairs and, as I said, we may be confronted at any time on short notice with a large increase in expenditures on national defence. As long as that remains a possibility, we should have some considerable margin of safety in our revenues to take care of such an increase in our expenditures; otherwise, we would have to add to the other disturbing effects of an expanded defence program the complications of sudden inflationary expenditures or sudden increases in taxes. A substantial surplus will help to keep our powder dry.

Thirdly, this government and this parliament must accept a considerable measure of responsibility for influencing and, indeed, directing economic trends in so far as that can be done within the framework of our political and economic principles. Were we only a small municipality, unable to influence the mighty economic forces determining the prosperity of our citizens, it would still be wise for us to look further ahead than this year and to put something by at present. But for those charged with responsibility of directing the affairs of the nation as a whole, the case is very much stronger. What we do will affect the fortunes of our citizens and their cost of living. If we diverted our prospective surplus into a reduction of taxes now, it would add hundreds of millions of dollars a year to the already intense demands of Canadians for goods and services—but it would add nothing to the volume of Canadian goods and services available for sale. People would try to buy more, but there would not be more to buy, unless the effort to get it resulted in more imports that we cannot afford and which we would have to shut out somehow or other. Prices would be sure to rise. Some people would profit, but others would lose out to the higher cost of living. The apparent benefits of tax reduction would prove to be a mirage except to those strong or fortunate groups which can profit more than they suffer by higher prices.

There is another aspect to it. As a nation we are struggling now to live within our means so far as foreign exchange is concerned, and to get enough reserves to enable us to be masters of our own affairs and not dependent on what we can earn from month to month or on help from others. In this emergency we are having to use restrictive government controls that most of us dislike and that are alien to our whole way of doing business. We want to get rid of them as soon as we can. If we do not, they will not only stay but spread into other fields. To get rid of these controls, we must build up an export surplus—we must try to export more or import less, or both. We cannot do that if we are trying at the same time to increase substantially our purchases of goods and services in Canada—because we are already producing and selling practically all that our resources of labour and material make possible. Therefore, it would not be sensible to make any general reduction in our taxes now and thereby increase the amount that people and businesses can spend on goods and services. To slash our taxes now would fasten controls more securely on our national life.

I believe that all parties in this parliament and most Canadians share the view that the national budget is no longer merely a matter of the government accounts that should be balanced every twelve months on some financial rule of thumb. We view the national budget now as an integral part of the nation's business, influenced by and having an influence upon the state of employment, income and prices. I think we would all agree that in times of widespread unemployment and insufficient demand for goods and services our expenditures should be increased in order to support employment and incomes, and that they could and should exceed our revenues under such conditions. Now we are at the opposite extreme and we should follow the opposite course. We should deliberately budget, as a matter of policy, for substantial surpluses in times like these. Only that way can we hold inflationary forces in check. Only that way, over the course of many years, can we make up at least in part for the deficits we shall have in less favourable years and prevent an indefinite spiralling up of our national debt, already at a very high level as the sequel to two wars. Now is the time to lay the

foundation for employment budgets in future, while fighting inflation at present.

Some friends have suggested to me, seeing this surplus in prospect, that I should adopt the device of burying part of it in some sort of reserve for future expenditure on national defence, national development, or social security. Such an arrangement, they say, would make the surplus less visible and less of a temptation to those who, for one reason or another, feel that taxes should be reduced or expenditures increased, notwithstanding the wisdom of acting otherwise. This could be done. We could announce, with appropriate fanfare, the creation of a national development fund or a national welfare fund —and put into it several hundreds of millions of this year's revenues and provide that the fund was to be used under some specified circumstances in the future. This would, of course, be simply bookkeeping; it would alter nothing in reality; it would simply complicate a situation that is more easily understood as it is now. Bookkeeping funds for meeting future liabilities have their place —but only, I think, for meeting contractual liabilities incurred now to be paid in the future, like insurance or pension or annuity liabilities. As a means for transferring revenues from one year to meet expenditures in another they are unnecessary, if parliament and the public can appreciate the relatively simple reasons for budgeting for surpluses in good years and for deficits in poor years. I believe the simple and straightforward presentation of the budget problem is the best one, and that hon. members of this house and others outside will support the policy I propose on its merits without the support of artificial devices.

The arguments of general policy are reinforced by specific circumstances applying to the important types of tax. In the case of the personal income tax, we have already had three substantial reductions since the end of the war, and ours, I believe, is now, by and large or for the majority of people, the lowest income tax in the English-speaking world, with the highest exemptions. It has been reduced to levels which, under present circumstances, offer no serious impediment to work or initiative—at least, none that could be removed by any further reasonable reduction. Its details have been improved—and we will continue to improve them. Its administration has been greatly strengthened and, as the larger staff overtakes accumulated arrears, it will continue to gain in efficiency, smoothness and fairness.

[Mr. Abbott.]

In the case of corporations our tax, together with provincial tax, is substantial but slightly lower than that in the United States, and corporations in both countries are thriving at present, to say the least. There appears no need to reduce our corporation tax either on grounds of incentive or to release more corporate profits for capital expenditures or for dividends. In this field, too, there have in recent years been considerable improvements in detail that make the tax more equitable and less burdensome in special and unusual cases.

In the field of commodity taxes, we have still retained in many cases the higher rates introduced during the war, as well as the basic rate of sales tax adopted before the war. We have dropped, of course, the war exchange tax, because it was discriminatory and because it was adding substantially to costs of production. We have also removed our sales tax from equipment and machinery, used in production, to help keep costs down and improve our competitive position. We have reduced our tariffs as a part of a deliberate plan to encourage and develop trade. We have relinquished the important field of gasoline taxes wholly to the provinces. We have repealed the tax on sugar and lowered the duties on tea and coffee to help keep the price down. We have repealed the sales tax on the domestic use of electricity. We have made other more specific changes to meet specific problems or for special reasons. But we have not reduced the heavy wartime taxes on tobacco, liquor and other beverages or the taxes on a wide range of those less essential goods or services considered proper means of raising the additional revenue required for war and reconversion needs. The present circumstances are not appropriate for far-reaching reductions in these indirect taxes. Demands are so excessive in relation to supply that we cannot rely upon competition or other market forces to ensure that the consumer would get the benefit of any general or widespread reductions we might make. Producers or distributors are in a favourable position to gain whatever the treasury gives up, and they could probably find plausible reasons for doing so, notwithstanding the high levels of profits at present.

In regard to possible reductions in the income tax, there is another consideration which I feel I should explain at greater length, and that is the comparison between our levels of income tax and those in the United States—a comparison which appears to be regarded as one of considerable importance. I must confess that I am repeatedly surprised that from this

comparison conclusions are almost always drawn unfavourable to Canada, despite very strong evidence to the contrary.

In order to set forth the facts as clearly as possible, I would like now with the consent of the house to place on *Hansard* tables comparing the Canadian and American taxes at various levels of income:

Comparison of Personal Income Tax in Canada and United States for 1948

These comparisons are made up on the following assumptions

Canadian Tax

1. No allowance made for medical expenses, pension contributions, charitable donations, or other deductions. Taxpayers claiming such deductions would pay less tax than shown.

2. All income over $30,000 assumed to be investment income and subject to additional 4 per cent tax.

3. Family allowances for children taken into account as being in lieu of income tax relief for children.

United States Tax

1. Deduction of 10 per cent of income up to a maximum of $1,000 claimable by every taxpayer in lieu of deductions for medical expenses, charitable donations, state taxes, etc.

2. All taxpayers assumed to take full advantage of the provision for splitting incomes between husband and wife.

3. New York State income tax included in calculation.

Single Taxpayer—No Dependents

Income	Canadian Tax	U.S.A. Tax including State Tax	Amount by which Canadian tax exceeds U.S.A. Tax
$	$	$	$
700	..	5	..
800	5	20	..
900	16	35	..
1,000	29	50	..
1,100	44	65	..
1,200	61	81	..
1,300	80	97	..
1,400	100	113	..
1,500	120	129	..
1,800	180	177	3
2,000	220	209	11
2,250	270	249	21
2,500	320	290	30
2,750	370	332	38
3,000	420	376	44
3,500	520	471	49
4,000	620	566	54
5,000	835	760	75
7,500	1,465	1,342	123
10,000	2,253	2,034	219
20,000	6,515	6,250	265
25,000	9,015	8,918	97
30,000	11,728	11,762	..
50,000	23,456	23,893	..
75,000	39,418	41,025	..
100,000	56,631	59,697	..
200,000	133,056	140,310	..

Married taxpayer—No children

Income	Canadian tax	U.S.A. tax including state tax	Amount by which Canadian tax exceeds U.S.A. tax
$	$	$	$
1,400	..	10	..
1,500	..	25	..
1,600	10	40	..
1,700	22	55	..
1,800	36	70	..
2,000	70	100	..
2,250	120	137	..
2,500	170	174	..
2,750	220	212	8
3,000	270	251	19
3,500	370	332	38
4,000	470	412	58
5,000	670	578	92
7,500	1,260	1,048	212
10,000	1,990	1,556	434
20,000	6,140	4,512	1,628
30,000	11,315	8,366	2,949
50,000	23,043	18,078	4,965
75,000	38,968	32,245	6,723
100,000	56,143	47,841	8,302
200,000	132,493	119,429	13,064

Married Taxpayer—Two Children of Family Allowance Age

Income	Canadian tax	Net position of Canadian taxpayer after receiving average family allowance payments	U.S.A. tax including State tax	Amount by which Canadian net tax position exceeds U.S.A. tax
$	$	$	$	$
1,800	10	+ 134	....	....
1,900	22	+ 122	....	....
2,000	36	+ 108	....	....
2,250	80	+ 64	....	....
2,500	130	+ 14	....	....
2,750	180	36	12	24
3,000	230	86	50	36
3,500	330	186	125	61
4,000	430	286	203	83
5,000	630	486	364	122
7,500	1,208	1,064	797	267
10,000	1,930	1,786	1,299	487
20,000	6,040	5,896	4,120	1,776
30,000	11,205	11,061	7,878	3,183
50,000	22,933	22,789	17,439	5,350
75,000	38,848	38,704	31,544	7,160
100,000	56,013	55,869	47,068	8,801
200,000	132,343	132,199	118,502	13,697

The figures which are included in this table for the United States give full effect to the recent reductions enacted by congress, including the option of splitting the income of married persons between husband and wife. They take account, too, of the standard deduction

of 10 per cent of income in lieu of other deductions, which I understand is claimed by 85 per cent to 90 per cent of American taxpayers. On the other hand, the Canadian figures represent the maximum possible tax that would be paid in Canada, with no deductions counted for contributions to charity or pension funds, and no deductions for medical expenses. They are based as well on the assumption that all income in excess of $30,000 is investment income, subject to the additional 4 per cent tax. In the case of taxpayers with children, the receipt of family allowances is taken into account in the comparison, since these are clearly understood to be in lieu of additional income tax exemption for persons subject to income tax. The United States, of course, has no corresponding allowances. The American figures include taxes payable in New York state as typical of the taxes now levied by more than half the states. Any lack of comparability in these figures is such as to make the Canadian tax appear high by comparison.

Despite the common conception of lower taxes in the United States, it is clear from this table that at many points the Canadian tax is lower. Indeed, taking into account the number of taxpayers at various income levels, I am able to make what is to me the striking statement that three out of every four Canadians would pay more income tax on their present income if they lived in the United States rather than in Canada. As these tables show, it is mainly in the fairly well-to-do class of married taxpayers that American taxes are appreciably lower, and that result is now achieved principally by the unique feature, recently adopted in the United States, of allowing the splitting of income between husband and wife for tax purposes—a feature which was extended to the whole of that country when there appeared no other means of achieving equity as between those states where this privilege existed through local laws and those states where it did not. Were this provision not a part of the American law, there would be only a moderate difference in the amount of tax payable, even at these high levels of income for married persons. I know it will be difficult to dissipate the general misconception that seems to prevail regarding the respective levels of personal income tax in the two countries, but I venture to think that any thoughtful person who takes the trouble to examine the figures carefully will conclude that most statements made in this connection, if not entirely wrong, are at least considerably exaggerated.

[Mr. Abbott.]

TAX PROPOSALS

After considering all these matters, I have come to the conclusion that the budget this year should contain no general tax changes. There are a number of specific changes which should be made to improve our tax system and which I think can be made for that purpose, without seriously worsening the inflationary danger or seriously offending against the principles which we should follow in general. These I shall now propose and explain. They will involve reductions in taxes of types and in places where reductions will be most helpful. But they are to be regarded as exceptions rather than the rule. The general policy for this year should be to use our surplus to reduce our debt and thereby to fight inflation in the manner most suited to our type of government and our way of life.

In the field of personal income taxes, I am proposing one change of significance which will, I believe, be accepted with commendation on all sides of the house. Having in mind the large number of elderly people living on small fixed incomes, and out of consideration for the particular trials and increased expenditures that usually come with advancing years, I am proposing that an additional exemption of $500 be granted to a taxpayer of sixty-five years of age or over. Many of these elderly people living on small pensions or other forms of fixed income with no opportunity to participate in the increased wages, salaries or profits enjoyed by other sections of the community, are particularly hard hit by the higher costs of living which present boom conditions have brought about. This group of our citizens is entitled, I think, to special consideration at this time. This special exemption follows a precedent established both in England and in the United States, and its effect in Canada will be that no taxpayer of sixty-five or over will pay tax until his income exceeds $1,250 if he is single, or $2,000 if he is married. This change will apply for 1948 and will cost about $5 million in revenue for a full year.

In order to encourage the continued search for new sources of minerals, oil and gas in the interest of developing our natural resources and conserving United States dollars, I am also proposing to extend for another year the allowances and tax credits now granted the mining, oil and gas industries in respect of exploration and off-property drilling expenses.

It is also proposed to increase the penalty rates applying to unpaid taxes from the present 4 per cent and 7 per cent to 6 per cent and 8 per cent respectively. These higher penalties

will provide an additional spur to the payment of the proper amount of tax on the due date and contribute to greater equity as between individual taxpayers. At the same time, I feel that it will also be appropriate to make provision for the payment of interest by the government on taxes overpaid by the taxpayer. I am therefore proposing that interest of 2 per cent per annum be paid where the amount of overpayment is $5,000 or less, and one-half of 1 per cent on the excess over $5,000.

Some hon. MEMBERS: Oh, oh.

Mr. ABBOTT: I do not wish to encourage the lending of money to the government at high rates of interest, and the rate of two per cent is the rate which was paid on compulsory savings.

As hon. members and the public at large will recall, I introduced at the 1947 session of parliament a revision of the Income War Tax Act which has become known generally among those interested as Bill 454. It will be remembered that this bill received only first reading at that time, and was allowed to stand over for study by members of parliament, lawyers, accountants, businessmen and taxpayers generally throughout the country in order that we might have the advantage of the broadest possible consideration of this important measure. I may say that the opportunity thus afforded to study the bill has resulted in a very thorough examination of its provisions and the various individuals and organizations which have submitted briefs are to be congratulated on the constructive nature of their suggestions. These have been of great assistance to myself and the officials engaged in redrafting the bill.

In keeping with the intention I announced last year, I plan to reintroduce the revised bill as soon as the budget resolutions have been disposed of in the expectation that the new measure will be enacted this year. However, because its final passage may not come until towards the middle of the year, I am now proposing that its effective date be postponed until the beginning of 1949, rather than have it apply retroactively to the beginning of the present year, as I had earlier planned to recommend. Anticipating the adoption of this proposal by parliament, I will introduce some minor amendments to the present Income War Tax Act applicable to 1948 which will anticipate certain features of the new bill that it is felt desirable should be brought into effect for the present year. These amendments are of relatively minor importance and will be dealt with fully when we are discusing the 1948 amendments to the Income War Tax Act.

In the field of commodity taxes, I have felt it necessary to frame my proposals in the light of the government's general fiscal program, and am, therefore, not proposing any sweeping or drastic reductions in tax rates. I have considered, however, whether anything might be done by way of a direct contribution toward reducing the cost of living at one of those points where it has been felt most acutely, that is, in the cost of food, and where it would create little additional inflationary pressure. As a positive step in this direction I have decided to propose to parliament that substantially all of the items of food not now exempt from the sales tax be put on the exempt list from tomorrow onward. As I have said before in this house, most of the standard food items such as bread, butter, milk, cheese, eggs, salt, sugar, fresh fruit and vegetables, and fresh meats are now exempt from sales tax, and the items taxable at the present time are comprised largely of canned, packaged, processed or otherwise prepared foods. Under the proposed change practically all the items in this latter group will be exempt from tax. In general the new exemptions will include fruits and vegetables, whether canned, frozen or dehydrated, including jams, jellies and marmalade; fruit and vegetable juices; prepared meats and poultry, whether canned, smoked, cooked, frozen or dried; canned soups; canned fish; prepared cereal breakfast foods excluding beverages; biscuits and cookies; yeast and ready mixed flour preparations; spaghetti and macaroni and one or two other items of lesser importance. The revenue loss involved in granting these exemptions will be of the order of $20 million in a whole year.

It is my hope that the removal of the 8 per cent tax from this long list of items will result in a reduction in prices as soon as the reductions can be passed along to consumers. I appreciate that this tax is imposed at the point of manufacture or wholesale distribution, and has already been paid, therefore, on goods now in stock in retailers' hands. At the same time, I wish to make the position clear that there will be no refunds or credits of tax to manufacturers or wholesalers in cases where they accept the return of goods previously delivered in respect of which taxes are repealed by this budget.

Again having in mind the needs of the average household, I am proposing that the 25 per

cent retail purchase tax be lifted tomorrow from silver-plated knives, forks and spoons and from alarm clocks of a retail value of $10 or less. This change will remove from the scope of the retail sales tax items of common use in the home. I am also proposing as a measure of alleviation to the blind that Braille watches be exempt from the tax. The revenue reduction involved in these changes will amount to about $600,000 for a full year.

Hon. members will recall that a year ago the dominion government withdrew its gasoline tax on the ground that this field was one that had been traditionally occupied by provincial governments and had been entered by the dominion under the emergency conditions of wartime. It will be recalled, too, that on several occasions it has been represented to the federal government by provincial governments that the dominion should also withdraw from the other fields in which the provinces have been normally regarded as having a particular interest. These included principally the dominion tax on the consumption of electricity, which was withdrawn last November, and the dominion tax on amusements and pari-mutuel bets. In regard to these latter two fields I am proposing that the dominion taxes cease to be imposed from tomorrow onward. This amendment will apply to the 20 per cent tax on admissions to theatres and the like, the 25 per cent tax on expenditures in other places of entertainment and the 5 per cent tax on pari-mutuel bets. Our revenue will be reduced by an estimated amount of $23,500,000 a year as a result of dropping these taxes. May I be permitted here to express the hope that in these cases where the dominion government removes taxes of this kind and withdraws from the field, the taxpayers of Canada will receive the benefit of such action and that, so far as possible, provincial taxing authorities will refrain from stepping in?

In another field I am proposing that the 3 per cent excise tax on imports from general tariff countries be repealed. The tax in its present form is a vestige of a levy first imposed in 1932 which applied originally to imports from all countries. Its scope of application has been gradually narrowed until at the present time it serves only as a needless encumbrance to trade with a relatively limited number of countries. The revenue from this source last year was about $2,100,000.

Several other miscellaneous changes of a minor character are also proposed. The tax of sixty cents a gallon on spirits used in making vinegar will be removed. This tax was intended to encourage the production of cider vinegar but I understand has not had this effect, and at the present time only increases the consumer cost of a food item in widespread use. A minor change will be made in the tax on matches by adding an extra bracket in the rate schedule to apply to books or packages containing a very small number of matches. As a result of representations I have received from religious and educational leaders to the effect that the 25 per cent tax imposed on 16-millimetre projectors for films and slides is discouraging the further use of such projectors in schools, churches and other institutions, the tax will be removed from 16-millimetre projectors. Wheel chairs for the use of invalids will be exempt from the sales tax, and other minor amendments affecting hay binders and presses and rope used by fishermen will also be made in the sales tax.

Turning to a field somewhat removed from that just discussed, I wish to outline two significant changes that I will propose in the field of succession duties. The house will recall that the dominion entered this field for the first time in 1941. We entered it not as a temporary wartime measure but as a permanent step in a direction which we felt might eventually lead to a national uniform system of death duties. This end was further promoted by the withdrawal of the death duties imposed by the seven provinces which entered into the dominion-provincial tax rental agreements. It is, therefore, a fact that the measure of relief I am about to propose is possible to a large extent because of the assurance I have that as a result of the provincial agreements it will be fully effective in at least seven of the provinces.

The measure that I have particularly in mind in this connection is that whereas in the past the smallest size of estate subject to dominion duty has been $5,000, I am proposing that no estate of a person dying on or after January 1 of this year will be subject to duty unless it exceeds $50,000. In effect, this means that the dominion government is withdrawing completely from the field of succession duties as this affects the smaller estates. The significance of this change will be realized when it is considered that about 90 per cent of the estates of deceased persons in Canada will henceforth be completely free of dominion duties. This relief will result in a great saving in the administrative burden of handling a great volume of small estates, will expedite the settlement of

the affairs of many deceased persons and, above all, will relieve the beneficiaries of these small estates of any dominion duty on the bequests they receive. It is estimated in this connection that at the present time in a full year the revenue loss involved in this change will be in the neighbourhood of $5 million.

I am suggesting another change as a measure of encouragement to charitable bequests. Whereas, under the present law, up to one-half of an estate may be left for charitable or educational purposes exempt from succession duty, in the future this limit will be removed and any amount of the estate may be given to charity free of succession duty. This measure has been urged on me for some time by religious and educational leaders, and in a society where our great public institutions still depend to a large extent on private support I feel that a measure of this sort is justified in the general public interest.

There will also be several other minor changes of a technical character in the succession duties act of which the principal will be to define the basis of share situs in the case of companies as the place of incorporation of the company, the basis now generally adopted in our succession duty treaties with other countries.

All these amendments to the Dominion Succession Duty Act will be effective as from the first of this calendar year.

TARIFF PROPOSALS

When I presented the budget last year, I referred to the tariff negotiations which were then taking place at Geneva under the sponsorship of the economic and social council of the united nations. These negotiations were successfully concluded in October. The results are embodied in the general agreement on tariffs and trade which was made public on November 18. The successful outcome of these negotiations has been a most encouraging development in the international efforts that have been undertaken since the end of the war to establish better economic relations between nations. This general agreement is the most comprehensive international agreement ever concluded for the reduction of barriers to trade, having regard both to the volume of world trade affected and to the scope of the undertakings. The reductions and concessions in tariffs which each of the twenty-three participating countries and separate customs territories represented at Geneva agreed to grant one another apply to approximately one-half of total world imports.

At the conclusion of the Geneva conference, eight of the participating countries, including the United States, the United Kingdom and Canada, agreed to make these reductions effective provisionally as from January 1, 1948. Since that date, four additional countries either have brought their concessions into provisional effect or have indicated their agreement to do so in the near future. Consequently, Canada is at present receiving the benefits of the Geneva reductions on a very large part of her total export trade. Similarly, Canada has granted the Geneva concessions in the Canadian tariff to the other signatories since the beginning of the year.

The Canadian concessions were extended provisionally by order in council under the authority granted to the governor in council in the Customs Act. The Canadian concessions negotiated at Geneva will be brought into effect finally, and the general agreement will be ratified, only after the approval of parliament has been secured. The agreement was submitted to parliament at the opening of this session, and is now before the standing committee on banking and commerce where it is being examined in detail. The further legislation necessary for the implementation of the agreement will not be proposed until after the committee's report has been received.

The budget resolutions concerning tariffs and customs which I am introducing at this time are confined to two matters. It is proposed to make a number of adjustments in the existing tariff to bring it into line with present needs and conditions. It is further proposed to make a number of changes designed to facilitate the importation from the United Kingdom of important supplies which we need in Canada and in respect to which the United Kingdom has been experiencing particular difficulties in her efforts to re-establish her pre-war position in this market

The adjustments in the tariff which I am proposing are all downward adjustments. No increases are proposed. Some of the reductions are designed to take account of technological changes which have occurred in the last few years; some would effect reductions in costs of production; some would remove complexities and facilitate administration, and a number

would embody reductions already made by order in council in response to immediate circumstances that have arisen from time to time. In general, the changes proposed would effect some reductions in costs of operation in a number of important industries including the mining industry, the building industry, and in certain parts of the dairy products industry.

Among the resolutions which I am introducing tonight, there is a proposal to suspend temporarily the British preferential duties on cotton and rayon piece goods. As hon. members know, the United Kingdom has for many years supplied an important part of our requirements of these commodities. During the war, the United Kingdom was unable to keep her place in our market. Since the end of hostilities, continued efforts have been made to restore the production and exports of this great staple of British trade. However, the shipments which the United Kingdom has been able to make to Canada have not increased as rapidly as we had hoped both from the standpoint of what our consumers need and from the standpoint of our desire to reduce the large gap in our balance of payments with that country. At present, British exporters of cotton and rayon piece goods are encountering difficulties in their efforts to expand sales to Canada because their laid-down prices in this country, after payment of duty, are higher than our converters and consumers can afford to pay. The proposal to suspend the duties temporarily would help to reduce the obstacle arising out of the price situation.

We have received assurances from the United Kingdom that the reduction in landed prices made possible by any removal of duties would be passed on to Canadian buyers. We have been assured also that the United Kingdom government will take all possible steps to see that the target which has been set for shipment to Canada of 80 million yards of cotton piece goods in 1948 will be met. With these assurances, the suspension of duties should make it possible for Canadian consumers to obtain essential supplies of cotton and rayon piece goods at lower prices and in substantially larger quantities than would otherwise have been the case.

I am therefore proposing that the British preferential duties on cotton and rayon piece goods be suspended until June 30, 1949. There will be an opportunity to review this whole matter on the basis of the results achieved before that date. In accordance with our commitments in the Geneva agreement, under which preferential margins may not be widened, the proposal to suspend the British preferential rates on cotton and rayon piece goods includes a reduction in the most-favoured-nation rates on these items by the same amount until June 30, 1949. However, the imports of cotton and rayon piece goods from scheduled countries are limited by the quota under the Emergency Exchange Conservation Act.

Finally, among the resolutions pertaining to tariff and customs matters, I am including a proposal which would enable the governor in council to relieve certain goods or classes of goods from special dumping duty. Under this proposal such relief could be granted in cases where the governor in council determines that the importation of the goods is necessary to meet essential requirements in Canada or could be used to advantage in Canada without causing hardship to Canadian producers. In view of continuing scarcities, it is clearly desirable that it be possible to grant relief from dumping duty in such circumstances.

It is estimated that these reductions in tariff duties will result in a reduction in revenue of some twelve to fourteen million dollars in the current year.

CONCLUSION

It is estimated that, taken altogether, the tax changes and tariff reductions which I have proposed will reduce our revenues in a full year by over $70 million and in the remainder of this fiscal year by something over $60 million. Deducting this latter figure from my forecast of revenues before tax changes will leave us with anticipated revenues for the current year of approximately $2,664 million. On this basis the anticipated budgetary surplus for the year will be reduced to $489 million. We shall have of course additional receipts of cash from repayments of loans and from the accumulation of annuity, pension and insurance funds, but these, it is believed, will be substantially less than last year, because we are not likely to be receiving repayments from the foreign exchange control board nor nearly as large a repayment of the United Kingdom

1942 loan. When we have made the loans and investments which the year's operations will require and have paid back the refundable taxes for 1943 and 1944 which of course is a form of debt retirement, we shall find that our remaining cash surplus will not in fact be a large one. Moreover, we could not allow our budgetary surplus to be reduced much further without running the risk that the sum total of the government's financial operations this year might have an inflationary, rather than anti-inflationary, effect.

It may be of interest to note that if we followed the budgetary practices of the United States government, under which they include on the one side all receipts except borrowings, and on the other side all disbursements except redemption of debt, we should have a small surplus in this coming year. The practices that we follow are better, I believe, in that they present a truer accounting picture of our different types of transactions and show more clearly the changes in our net debt and assets, but the American practice has certain advantages in times like these when it is desirable to take an over-all view of the government's financial operations in deciding what is the proper budget policy from the point of view of the effects upon the national economy.

A substantial portion of the requirements for this year which I have described arise directly out of the war; this is true of a portion of our expenditures, particularly on veterans benefits, housing and subsidies. It is also true of some of our loans and investments, and, of course, the refundable taxes arose from wartime operations and will be mostly repaid by the end of this year. If no new types of expenditure are undertaken, and if economic conditions remain favourable, we can expect a decline in our requirements in future years, but even in such circumstances we could not expect a drastic decline. The effects of two world wars on our public debt cannot be escaped, however severely we may economize. The wars have also left us a heritage of pension bills. The new international situation and the dangers of total war have brought us continuing high costs for national defence. But these are not the only factors. The activities and scope of government in Canada have been extended by popular consent and, indeed, by popular demand. Parliament and the government have a wider responsibility than before the war, particularly in the field of economic affairs. Our expenditures inevitably reflect this extension. Social security is an expensive undertaking, and we have moved substantially into this field since before the war and are now spending hundreds of millions of dollars each year upon it. We are already undertaking much more in national development, trade promotion and the support of prices of primary products. All political parties and the public generally take it for granted now that governments must bear some responsibility for maintaining employment when large-scale unemployment threatens. That is bound to be a very expensive responsibility if economic circumstances outside of Canada become adverse.

With these wider responsibilities already assumed and in contemplation, with the public demand there is today for additional government responsibilities and expenditures in many fields, we must anticipate large budgets in future, and we cannot lightly reduce taxation in any field. Those who advocate increased expenditure should bear in mind the weight of our budgetary problems in the future. There is no inexhaustible source of revenue that we can tap. There are limits to what we can spend without raising additional revenues, if we are to prevent inflation and the hidden burdens which is imposes. I wish to appeal particularly to hon. members at this time to bear thoughtfully in mind our future budgetary problems when considering new proposals for government activity, social security, or other expenditures. In the world of today we must be prepared to undertake much that is new, much that is daring, much that is big. We must also be prepared, however, to pay the price, and it is in our budgets that that price is brought home to us.

I think we can well take pride in the prudent, responsible and effective way in which the financial and economic affairs of this country have been managed both during the war and since the war has ended. I hope I am not one given to overstatement, but I doubt whether any nation in the world has a better record in this field.

Canadians I think are realists. We do not expect to get something for nothing. We know that things have their price. We are proud of the advances which we have been

able to make in the field of social security, and in assuring to our people a better and a fuller life. We know that to attain these great purposes, we must frame our policies and direct our efforts towards achieving and maintaining a high and expanding level of employment and income. That is what we have done, and that is what we are continuing to do. The record speaks for itself. Canada today enjoys a level of employment, prosperity and national income, and a standard of living and of real social security never achieved before in the history of our country. That that is so, Mr. Speaker, is due in large measure to the wisdom, the vision, and the supreme qualities of statemanship possessed by a man who for more than twenty years of the last quarter century has been the head of the government of our country, the present Prime Minister of Canada (Mr. Mackenzie King).

I want to table now the budget resolutions.

INCOME WAR TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Income War Tax Act and to provide:

1. That, in addition to other deductions, a deduction from income for the 1948 taxation year of $500 be allowed to an individual who has attained the age of 65 years prior to the end of the year;

2. That, for the 1948 taxation year, interest be allowed at the rate of 2 per cent per annum on overpayments of tax to the extent of $5,000 and ½ per cent per annum on overpayments in excess of $5,000 (no interest less than $1 to be payable); and that the rates payable on overdue taxes be increased from 4 per cent and 7 per cent to 6 per cent and 8 per cent, respectively;

3. That special deductions from income or taxes be allowed to taxpayers engaged in exploring or drilling for natural gas, oil or minerals in respect of expenses incurred in 1949 operations on the same basis as the deductions allowed in respect of 1948 operations;

4. That, for the 1948 taxation year, no expenses in respect of the earning of wages or salary may be deducted except where a taxpayer is an employee of a person whose principal business is transport and his duties require him to be absent from his home regularly, in which case expenses for board and lodging may be deducted, and where a taxpayer is employed to sell property or negotiate contracts, is required to pay his own expenses and performs his duties away from his employer's place of business, in which case expenses may be deducted from commissions or other fees; and

5. That the 15 per cent income tax on non-resident persons be extended to apply to patronage dividends paid on or after May 19, 1948.

[Mr. Abbott.]

DOMINION SUCCESSION DUTY ACT

Resolved, that it is expedient to introduce a measure to amend the Dominion Succession Duty Act and to provide, effective with respect to any succession upon the death of a person on or after January 1, 1948:

1. That the general exemption of estates not over $5,000 be extended to estates not over $50,000;

2. That the limit on exemptions for gifts to charitable organizations of 50 per cent be removed; and

3. That for the purposes of the act, shares of companies incorporated in Canada shall be deemed to be situated in Canada.

THE EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, effective on and after May 19, 1948:

1. That the sales tax on the following list of articles be repealed:

(a) shortening; soups; rice; yeast; yogurt; barley; split peas; peanut butter; biscuits, cookies and similar articles; pastry, cake, biscuit and similar mixes; cereal breakfast foods not including beverages; foods prepared and sold exclusively for feeding infants; fruit, canned, frozen, dried or evaporated; fruit juices which consist of at least ninety-five per cent of pure juice of the fruit; jams, jellies, marmalades and preserves; corn syrup, table syrups and molasses; meats and poultry, cooked, canned, frozen, smoked or dried; canned fish; spaghetti, macaroni and vermicelli; vegetables, canned, frozen or dehydrated, but not including pickles, relishes, catsup, sauces, olives, and similar goods; vegetable juices; and

(b) hay presses and complete parts thereof; auxiliary internal combustion engines incorporated into agricultural implements or agricultural machinery, and complete parts thereof; crushed stone or crushed gravel; articles imported by or for public museums, public libraries, universities, colleges or schools, and which are to be placed in such institutions as exhibits; wheel chairs and complete parts thereof specially designed for the use of invalids;

2. That the excise tax on the price of admission to places of amusement be repealed;

3. That the excise tax on charges made in places of entertainment be repealed;

4. That the excise tax on bets on horse racing be repealed;

5. That the retail purchase tax on watches specially designed for use of the blind, alarm clocks selling to the user at not more than ten dollars each, and plated table knives, forks and spoons, be repealed;

6. That the special excise tax of three per cent on goods imported into Canada from general tariff countries be repealed;

7. That the rates of excise tax on matches be amended to provide for a proportionate rate of tax on packages of smaller sizes; and

8. That the excise tax of 25 per cent be repealed on 16 mm projectors for slides, films or pictures, and that the tax be extended to

cover projector mechanisms, sound equipment, arc lamps, lenses, bases, and film magazines or reels for moving picture projectors.

THE EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Act to repeal, effective on and after May 19, 1948, the excise duty on spirits used in the production of vinegar.

CUSTOMS TARIFF

1. Resolved, that it is expedient to introduce a measure to amend the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, as follows:—

(a) By repealing subsection one of section three and substituting the following:—

"3. (1) Subject to the provisions of this act and of the Customs Act, there shall be levied, collected and paid upon all goods enumerated, or referred to as not enumerated, in schedule A to this act, when such goods are imported into Canada or taken out of warehouse for consumption therein, the several rates of duties of customs, if any, set opposite to each item respectively or charged on goods as not enumerated, in the column of the tariff applicable to the goods, subject to the following conditions, viz.:

(a) The rates of customs duties, if any, set forth in column (1), 'British preferential tariff', shall apply to goods the growth, produce or manufacture of the following British countries when conveyed without transhipment from a port of any British country enjoying the benefits of the British preferential tariff into a sea, lake or river port of Canada:

United Kingdom of Great Britain and Northern Ireland
Union of South Africa
Australia
New Zealand
India
Pakistan
Ceylon
Eire
Newfoundland
British West Indies, including:
  Bahamas
  Jamaica
  Barbados
  Trinidad and Tobago
  Antigua
  St. Christopher-Nevis
  Dominica
  Montserrat
  Virgin Islands
  Grenada
  St. Vincent
  St. Lucia
  Turks and Caicos islands
Ascension
Bermuda
British Guiana
British Honduras
British North Borneo
Brunei
Basutoland
Bechuanaland Protectorate
British Solomon islands protectorate
Cyprus
Channel islands
Cayman islands
Cameroons, British sphere of the
Cook islands
Fiji
Falkland islands
Gold Coast
Gambia
Gilbert and Ellice islands
Isle of Man
Kenya Colony and Protectorate
Malay States, Federated
Malay States, Unfederated—
  Johore
  Kedah
  Kelantan
  Perlis
  Trengganu
Malta
Mauritius and dependencies thereof
Northern Rhodesia
Nyasaland Protectorate
Nigeria Colony and Protectorate
New Guinea
Norfolk island
Nauru, Mandated Territory of
Papua
St. Helena
Southern Rhodesia
Sierra Leone
Straits Settlements
Seychelles
Sarawak
Somaliland Protectorate
Swaziland
Tanganyika Territory
Togoland, British sphere of
Tonga or Friendly islands
Uganda Protectorate
Western Samoa
Zanzibar

Any other British colony or protectorate or territory under British trusteeship, admitted to the benefits of the British preferential tariff in Canada, in the manner hereinafter provided;

Provided, however, that goods entitled to the benefits of the British preferential tariff shall be accorded such benefits when such goods are shipped on a bill of lading consigned to a consignee in a specified port in Canada when such goods are transferred at a port in a British possession, and conveyed without further transhipment into a sea, lake or river port of Canada;

(b) The rates of customs duties, if any, set forth in column 2, 'most-favoured-nation tariff' shall apply to goods the growth, produce or manufacture of any British or foreign country to which the benefits of such most-favoured-nation tariff shall have been extended in the manner hereinafter provided or to goods the growth, produce or manufacture of any foreign country to which the benefits of the intermediate tariff applied on May 1, 1948, when imported into Canada direct from a country entitled to the benefits of the most-favoured-nation tariff;

(c) The rates of customs duties, if any, set forth in column (3), 'General Tariff', shall apply to all goods not entitled to admission under

the most-favoured-nation tariff or under the British preferential tariff, or to goods entitled to rates of customs duties more favourable than those of the British preferential tariff;

(d) Proof of origin, as prescribed by the minister, shall be furnished with the bill of entry at the customhouse for goods admitted to entry under any of the tariffs in schedule A; and the decision of the minister shall be final as to the tariff or surtax applicable in any case to imported goods by reason of their origin;

(e) Goods for which entry is claimed under the most-favoured-nation tariff must be bona fide the growth, produce or manufacture of a country which has been admitted to the benefits of the most-favoured-nation tariff and a substantial portion of the value of each manufactured article must have been produced by the industry of such country,

(f) Every manufactured article to be admitted under the British preferential tariff must be bona fide the manufacture of a British country entitled to the benefits of the British preferential tariff, and a substantial portion of the value of the manufactured article must have been produced by industry in one or more of such countries."

(b) By repealing subsection one of section four and substituting the following:

"4. The governor in council may, by order, from time to time:

(a) Extend the benefit of the British preferential tariff, in whole or in part, to any British colony or any protectorate or territory under British trusteeship not named in paragraph (a) of section three, and from and after the date specified in such order the British preferential tariff shall apply to goods the growth, produce or manufacture of such colony, protectorate or territory, subject to the provisions of this act;

(b) Withdraw the benefit of the British preferential tariff, in whole or in part, from any British country or colony or any protectorate or territory under British trusteeship, which has received the said benefit, and from and after the date specified in such order the most-favoured-nation tariff or the general tariff, as mentioned in the said order, shall apply to goods the growth, produce or manufacture of any such British country, subject to the provisions of this act;

(c) Extend to any British country the benefit of rates of customs duties more favourable than those of the British preferential tariff, and from and after the date specified in such order the rates of duties so ordered shall apply to goods the growth, produce or manufacture of such British country, subject to the provisions of this act;

(d) Withdraw from any British country to which they have been extended rates of customs duties more favourable than those of the British preferential tariff, and from and after the date specified in such order the British preferential tariff, the most-favoured-nation tariff or the general tariff, as directed in the said order, shall apply to goods the growth, produce or manufacture of such British country, subject to the provisions of this act;

(e) Extend the benefit of the most-favoured-nation tariff, in whole or in part, to any British or foreign country goods, the growth, produce or manufacture of which have previously been subject to the rates of customs duties set forth in the general tariff, and from and after the date specified in such order the rates of duty set forth in the most-favoured-nation tariff, so far as they are mentioned in the said order, shall apply to goods the growth, produce or manufacture of such British or foreign country, when imported into Canada direct from a country entitled to the benefits of the most-favoured-nation tariff, subject to the provisions of this act;

(f) Withdraw the benefit of the most-favoured-nation tariff, in whole or in part, from any country to which it has been extended, and from and after the date specified in such order the rates of customs duties set forth in the general tariff shall apply to goods the growth, produce or manufacture of such country, subject to the provisions of this act;

(g) Every order passed under the authority of this section shall be published in the *Canada Gazette*."

(c) By repealing section six and substituting the following:

"6. (1) In the case of goods exported to Canada of a class or kind made or produced in Canada, if the export or actual selling price to an importer in Canada is less than the fair market value or the value for duty of the goods as determined under the provisions of the Customs Act, there shall, in addition to the duties otherwise established, be levied, collected and paid on such goods, on their importation into Canada, a special or dumping duty, equal to the difference between the said selling price of the goods for export and the said value for duty thereof; and such special or dumping duty shall be levied, collected and paid on such goods although not otherwise dutiable.

(2) The special duty imposed by the preceding subsection shall in no case exceed fifty per cent ad valorem and the following goods shall be exempt from such duty:

(i) Goods of a class subject to duty under the Excise Act;

(ii) Goods which though of a class or kind made or produced in Canada, are not offered for sale to the ordinary agencies of wholesale or retail distribution or are not offered to all purchasers on equal terms under like conditions, having regard to the custom and usage of trade;

(iii) Goods or classes of goods declared exempt by any order or regulation made by the governor in council.

(3) Duties and taxes imposed in the country of export shall be disregarded in estimating the value for the purpose of the said duty.

(4) 'Export price' or 'selling price' in this section means the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported direct to Canada.

(5) If at any time it appears to the satisfaction of the minister that the payment of the special duty by this section provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the minister may in any case or class of cases authorize such action as is deemed necessary to collect on such goods or any of them the same

special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

(6) If at any time it appears to the satisfaction of the minister that any person owning or controlling or interested in a business in Canada and also in any other country, or any person carrying on a business in any other country and owning or controlling or interested in a business operating in Canada, and by reason thereof is enabled to import goods for further manufacture or assembling or for resale, and while complying with the legal requirements on importation disposes of such imported goods, whether in the form as imported or as further processed, assembled or manufactured, at prices below the duty paid value thereof as entered at customs plus or including all charges upon the goods after shipment from the place whence exported direct to Canada, including sales, distribution and advertising costs, and plus, if any, the cost of processing, assembling or further manufacturing in Canada, the minister may declare that goods of such class or kind were and are on importation subject to an additional special or dumping duty not exceeding fifty per cent, and authorize such action as is deemed necessary for the collection thereof.

(7) If the full amount of any special duty of customs as herein provided has not been paid on goods imported, the customs entry thereof shall be amended and the deficiency paid upon the demand of the collector.

(8) The minister may make such regulations as are deemed necessary for carrying out the provisions of this section and for its enforcement.

(9) For the purpose of this act goods shall not be deemed to be of a class or kind made or produced in Canada unless so made or produced in substantial quantities; and the governor in council may provide that such quantities, to be substantial, shall be sufficient to supply a certain percentage of the normal Canadian consumption and may fix such percentages."

(d) By repealing section eighteen.

2. Resolved, that schedule A to the Customs Tariff be amended by striikng thereout tariff items 15, 65a, 82(b), 82(c), 180d, 186, 199g, 208i, 211b, 216d, 232e, 269, 271, 274, 275, 296b, 296e, 326c, 328, 349b, 359, 364, 386(d), 386(p), 392a, 403(a), 410a, 410h, 410m, 410n, 410o, 410o(ii), 410q, 410w, 410y, 412, 413, 427c, 427f, 431c, 431d, 431g, 437, 438b, 438c, 438d, 438e, 439c, 442d, 445m, 445n, 445o, 476, 539, 587, 587b, 657, 682a, 692 and 693(iii), the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
15	(i) Beeswax, unrefined	Free	Free	Free	Free	Free	20 p.c.
	(ii) Beeswax, refined but not bleached	Free	15 p.c.	20 p.c.	Free	18 p.c.	20 p.c.
					15 p.c.	15 p.c.	20 p.c.
	(iii) Beeswax, n.o.p.	15 p.c.	15 p.c.	20 p.c.	15 p.c.	15 p.c.	20 p.c.
20b	Illipe butter	5 p.c.	10 p.c.	25 p.c.	15 p.c.	20 p.c.	25 p.c.
65a	Special dietary breads and biscuits under regulations of the Department of National Health	Free	7½ p.c.	10 p.c.	Free	7½ p.c.	10 p.c.
79d	Mulberry trees, cuttings, roots and buds, for sericultural purposes	Free	Free	30 p.c.	12½ p.c.	12½ p.c.	30 p.c.
82	(b) (i) Raspberry, loganberry and blackberry bushes or roots.....each	Free	1 ct.	1 ct.	Free	1 ct.	1 ct.
	(ii) Rhubarb roots.....each	Free	¾ ct.	1 ct.	Free	9/10 ct.	1 ct.
	(c) (i) Asparagus roots.....each	Free	1/5 ct.	¼ ct.	Free	9/40 ct.	¼ ct.
	(ii) Strawberry plants.....each	Free	¼ ct.	¼ ct.	Free	¼ ct.	¼ ct.
180d	Photographs, paintings, pastels, drawings and other art work and illustrations of all kinds, n.o.p., whether originals, copies or proofs, for reproduction in periodical publications enjoying second-class mailing privileges	Free	9 p.c.	25 p.c.	Free	9 p.c.	25 p.c.
	Provided that goods which are entitled to entry free of duty or at a lower rate than as indicated in this item shall not be entered at the rates specified in this item.						
181b	Paper, in single sheets, containing not less than 144 square inches, not exceeding ·012 and not less than ·003 of an inch in thickness, specially processed and printed, for use in duplicating machines	Free	7½ p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
186	Paper calendered to between ·006 and ·008 inch thickness adapted for the manufacture of shot shells; and felt board sized and hydraulic pressed, and covered with paper or uncovered, adapted for the manufacture of gun wads	Free	Free	Free	Free	Free	Free
					15 p.c.	22½ p.c.	25 p.c.

192e	Gasket stock, wholly or in part of vegetable fibres, coated or impregnated, in sheets or rolls, when imported by manufacturers of gaskets, for use only in the manufacture of gaskets in their own factories	Free	Free	Free	Free	Free	Free
192g	Roofing felt, single ply, not coated or impregnated, in rolls containing not less than 500 square feet, when imported by manufacturers of asphalt roofing (including shingles and siding) for use only in the manufacture of such materials in their own factories	Free	7½ p.c.	25 p.c.	15 p.c.	22½ p.c.	35 p.c.
198c	Tape, coated, not exceeding three-eighths of an inch in width, for use exclusively in the recording and reproduction of sound	5 p.c.	10 p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
199g	Duplex backing papers or wrappers including those printed and/or skived for use in the packaging of photographic roll film; inter-leaving and wrapping paper, for packaging flat photographic films and photographic papers; when imported by manufacturers of photographic films and photographic papers for use in their own factories in the packaging of such films and papers	5 p.c.	12½ p.c.	35 p.c.	5 p.c. 15 p.c.	12½ p.c. 22½ p.c.	35 p.c. 25 p.c.
208i	(i) Animal glands and animal glandular organs, and extracts thereof, wet or dry, (whether alcoholic or not), when imported by manufacturers of pharmaceutical or medicinal preparations for use exclusively in the manufacture of such preparations in their own factories	Free	Free	Free	Free	Free	Free
208i	(ii) Animal bile, in liquid or paste form, not further processed than concentrated, for use in the manufacture of bile acids	Free	Free	Free	Free	15 p.c.	25 p.c.
211b	Kyanite, crude or calcined, but not further processed than ground	Free	Free	25 p.c.	Free	4½ p.c.	25 p.c.
216d	Phthalic anhydride, adipic, abietic, maleic and succinic acids, hexamethylene diammonium adipate, hexamethylene diammonium sebacate, hexamethylene diamine, caprolactam, and ethylene glycol, when imported by manufacturers of synthetic resins, for use exclusively in the manufacture of synthetic resins, in their own factories	Free	Free	Free	Free Free	Free 15 p.c.	Free 25 p.c.
216e	Materials of a kind not produced in Canada when imported to be used for plasticizing synthetic resins	Free	Free	Free	Free 15 p.c. Free	Free 20 p.c. 15 p.c.	Free 25 p.c. 25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
216f	Materials of a kind not produced in Canada when imported for use only in the manufacture of the goods specified in tariff items 237 (a), (b), (c) and (d), 238a, 238b, 238c, 238d, 238e, 238f and 238g	Free	Free	Free	Free 15 p.c. Free 17½ p.c.	Free 20 p.c. 15 p.c. 20 p.c.	Free 25 p.c. 20 p.c. 25 p.c.
219g	Yeast, dead or inactive, containing only those vitamins inherent in or developed by the yeast during its culture or propagation in which the Vitamin D does not exceed 1,000 International units per gram, when valued at more than twenty-five cents per pound, under regulations which the Minister may prescribe	Free	Free	25 p.c.	15 p.c.	20 p.c.	25 p.c.
225a	Ouricury wax	Free	Free	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
231d	Synthetic resin glue	15 p.c.	17½ p.c.	25 p.c.	15 p.c.	18 p.c.	25 p.c.
231e	Phenol when imported by manufacturers of synthetic resin glues, for use only in the manufacture of such glues in their own factories	Free	Free	Free	Free	Free	Free
232e	Cereal or starch products which require only to be ground in order to form, when mixed with cold water, an adhesive paste.....per pound	3/5 ct.	1¼ cts.	2 cts.	3/5 ct.	1-7/20 cts.	2 cts.
236c	Surgical bandages and slabs composed of textile fabrics specially coated with Plaster of Paris compound	10 p.c.	10 p.c.	35 p.c.	25 p.c.	25 p.c.	35 p.c. and 4 cts. per pound
246c	Finely divided metals or compounds of metals, whether dry, or suspended or dissolved in a liquid, for use exclusively in the manufacture of glassware and of tableware of china, porcelain or semi-porcelain	Free	Free	22½ p.c.	Free 17½ p.c.	Free 20 p.c.	22½ p.c. 30 p.c.
263b	Methyl ethyl ketone, furfural, methyl normal propyl ketone and methyl isobutyl ketone, when imported for use only in the refining of oils	Free	Free	25 p.c.	Free	Free	25 p.c.

263c	Materials of a kind not produced in Canada for use only as catalysts in the refining of petroleum.....	Free	Free	25 p.c.	Free Free 15 p.c. 10 p.c.	Free 15 p.c. 20 p.c. 10 p.c.	Free 25 p.c. 25 p.c. 25 p.c.
269	Products of petroleum, n.o.p.:—						
	(i) Lighter than ·8236 specific gravity (40·3 A.P.I.) at 60 degrees Fahrenheit..per gallon	¾ ct.	1 ct.	2 cts.	¾ ct.	1 ct.	2 cts.
	(ii) ·8236 specific gravity (40·3 A.P.I.) or heavier at 60 degrees Fahrenheit.....per gallon	½ ct.	½ ct.	1 ct.	½ ct.	½ ct.	1 ct.
271	Lubricating oils composed wholly or in part of petroleum:—						
	(a) Valued at less than 25 cents per gallon, per gallon	1½ cts.	2¼ cts.	2½ cts.	1½ cts.	2¼ cts.	2½ cts.
	(b) N.o.p.....	10 p.c.	12½ p.c.	20 p.c.	12½ p.c.	17½ p.c.	20 p.c.
274	Petroleum coke, ground or unground.....	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
275	Liquefied petroleum gases for heating, cooking or illuminating purposes, when imported in containers.	10 p.c.	12½ p.c.	25 p.c.	10 p.c.	13½ p.c.	25 p.c.
295b	Vermiculite, crude, or not further processed than ground and screened.....	Free	Free	25 p.c.	10 p.c.	10 p.c.	25 p.c.
296b	(i) Magnesite, dead-burned, sintered, caustic calcined or plastic magnesia.....	15 p.c.	15 p.c.	30 p.c.	15 p.c. 20 p.c.	15 p.c. 27½ p.c.	30 p.c. 30 p.c.
	(ii) Magnesium carbonate, basic or otherwise, excepting crude rock.....	20 p.c.	20 p.c.	30 p.c.	20 p.c.	20 p.c.	30 p.c.
296e	Magnesite, calcined, and magnesium carbonate, not further manufactured than ground, when imported by manufacturers of insulating materials for use exclusively in the manufacture of such insulating materials, in their own factories.....	Free	Free	Free	Free 20 p.c.	Free 27½ p.c.	Free 30 p.c.
309a	Granules, whether or not coloured or coated, for use in the manufacture of roofing, including shingles and and siding.....	Free	Free	25 p.c.	15 p.c.	15 p.c.	25 p.c.
326c	Blanks of uncoloured clear glass, when imported by manufacturers to be used exclusively in the manufacture of silvered mirror reflectors or acid-etched reflectors or refractors, for lighting systems.....	Free	9 p.c.	10 p.c.	Free	9 p.c.	10 p.c.
328	Spectacle and eyeglass frames and parts thereof, n.o.p.....	15 p.c.	17½ p.c.	20 p.c.	15 p.c. 15 p.c.	17½ p.c 20 p.c.	20 p.c. 25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
348f	Copper covered steel wire not less than one-quarter inch in diameter and rods, when imported by manufacturers of trolley, telegraph and telephone wires, electric wires and electric cables, for use only in the manufacture of such articles in their own factories..	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
349b	Alloys of magnesium, viz.: ingots, pigs, sheets, plates, strips, bars, rods and tubes.....	5 p.c.	10 p.c.	25 p.c.	5 p.c.	11¼ p.c.	25 p.c.
354c	Aluminum capsules for bottles.....	Free	7½ p.c.	30 p.c.	15 p.c.	22½ p.c.	30 p.c.
	On and after March 31, 1950.....	15 p.c.	22½ p.c.	30 p.c.			
359	Gold and silver, in ingots, blocks, bars, drops, sheets or plates, unmanufactured; gold and silver sweepings; bullion fringe or gold fringe; scrap jewellery, fit only to be remelted, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
364	Diamond dust or bort and black diamonds, for borers; diamond dust mixed with a carrier, in cartridges, the component material of chief value being diamond dust.....	Free	Free	Free	Free 12½ p.c.	Free 17½ p.c.	Free 27½ p.c.
376b	Materials imported by manufacturers of sintered hard metal compounds of the tungsten carbide type, for use in the manufacture of such compounds in their own factories.....	Free	Free	10 p.c.	Free	Free	10 p.c.
386	(d) Sheets, hoop, band or strip, coated or not, polished or not, when imported by manufacturers of saddlery hardware and saddles for use exclusively in the manufacture of such articles, in their own factories.....	Free	Free	Free	Free 7½ p.c. 5 p.c.	Free 20 p.c. 12½ p.c.	Free 20 p.c. 15 p.c.
	(p) Sheets or strip, of iron or steel, hot or cold rolled, with silicon content of ·075 per centum or more, when imported by manufacturers of electrical apparatus, for use in the manufacture of electrical apparatus in their own factories.....	Free	12½ p.c.	12½ p.c.	Free 7½ p.c.	12½ p.c. 20 p.c.	12½ p.c. 20 p.c.

392a	Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter; and all other forgings, solid or otherwise, in any degree of manufacture, rough turned or rough machined or not, of a weight of 20 tons or over	Free	15 p.c.	30 p.c.	Free 10 p.c.	15 p.c. 25 p.c.	30 p.c. 35 p.c.
403	Wire, of steel:—						
	(a) Spring, not less than ·40 per centum, by weight, of carbon, when imported for use exclusively in the manufacture of springs for mattresses, cushions or upholstery:—						
	(i) ·128, ·116, ·104 and ·092 inch in diameter, with a tolerance not to exceed ·003 inch	Free	5 p.c.	7½ p.c.	Free	5 p.c.	7½ p.c.
	(ii) ·144, ·080, ·072, ·064, ·056 and ·048 inch in diameter, with a tolerance not to exceed ·003 inch	5 p.c.	5 p.c.	7½ p.c.	15 p.c.	15 p.c.	20 p.c.
409q	Auxiliary internal combustion engines incorporated in or attached to agricultural implements or agricultural machinery	Free	Free	Free	15 p.c.	20 p.c.	30 p.c.
409r	Milk evaporators for dairying purposes and complete parts thereof	Free	10 p.c.	25 p.c.	10 p.c.	25 p.c.	35 p.c.
410a	(i) Loading machines; shaker trough, belt trough, chain or elevating conveyors; air engines; flameproof enclosed driving motors; of a class or kind not made in Canada, and parts of all motive power or machinery mentioned in this item, for use exclusively in mining operations	Free	Free	35 p.c.	Free 10 p.c. Free 15 p.c. 15 p.c.	10 p.c. 25 p.c. 10 p.c. 22½ p.c. 22½ p.c.	12½ p.c. 35 p.c. 35 p.c. 30 p.c. 37½ p.c.
	(ii) Trucks or tractors, self-propelled, mounted on wheels or on endless tracks, including motive power, when of a class or kind not made in Canada, for use exclusively underground in mining operations; parts of the foregoing	Free	Free	27½ p.c.	Free 15 p.c. 15 p.c.	17½ p.c. 22½ p.c. 22½ p.c.	27½ p.c. 30 p.c. 37½ p.c.
	(iii) Diesel-powered self-propelled trucks, mounted on rubber-tired wheels, side or rear dump, having a rated capacity, by struck volume, of not less than 9½ cubic yards and, by payload weight, of not less than 15 tons, and complete parts thereof, for off-highway use in carrying minerals, ores, rock, stone, sand, gravel and other excavated materials in open-pit mines, quarries, gravel and sand pits or at construction sites	Free	10 p.c.	27½ p.c.	Free	17½ p.c.	27½ p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
410h	Equipment and integral parts thereof for distributing stone dust in mines	Free	Free	10 p.c.	Free	5 p.c.	10 p.c.
410m	Diamond drills and core drills, not including motive power, electrically operated rotary coal drills, and coal cutting machines, of a class or kind not made in Canada, and parts of the foregoing, for use exclusively in mining operations	Free	Free	Free	Free Free	Free 10 p.c.	Free 10 p.c.
410n	Diamond drills and core drills, not including motive power, and electrically operated rotary coal drills, n.o.p., and parts of the foregoing, for use exclusively in mining operations	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
410o	(i) Coal heading machines; electric or magnetic machines for concentrating or separating iron ores; automatic scales for use with conveyors; and integral parts of all the foregoing, for use exclusively in mining or metallurgical operations	Free	Free	Free	Free	Free	Free
	(ii) Chock release apparatus, for use in coal mines to facilitate the safe removal of chocks forming the roof support	Free	Free	10 p.c.	Free	10 p.c.	10 p.c.
410q	Pumps and vacuum pumps, and complete parts thereof, for use exclusively in the extraction of precious metals by the chlorination or cyanide processes	15 p.c.	15 p.c.	20 p.c.	15 p.c.	17½ p.c.	20 p.c.
410w	Machinery, n.o.p., for the concentration or separation of ores, metals or minerals, viz.: flotation machines, flotation cells, oil feeders and reagent feeders for flotation machines and flotation cells, pumps, vibrating and impact screens, jigs, magnetic separators, magnetic pulleys and filters, for use in the concentration or separation of ores, metals or minerals, and integral parts of all the foregoing	5 p.c.	7½ p.c.	20 p.c.	15 p.c.	17½ p.c.	20 p.c.
410y	Heavy duty mine hoists, of a size and capacity not made in Canada	Free	Free	10 p.c.	Free	5 p.c.	10 p.c.

412	Machinery, being presses for use in the printing of newspapers and telephone directories, of not less value by retail than fifteen hundred dollars each, of a class or kind not made in Canada, and complete parts thereof, not to include saws, knives and motive power; mechanical deliveries or conveyors for use with newspaper printing presses.....	Free	Free	Free	Free Free	Free 10 p.c.	Free 15 p.c.
412e	Articles and materials which enter into the construction and form part of the machines and apparatus provided for in tariff item 412a, when imported by manufacturers of such machines, apparatus and parts thereof, for use exclusively in the manufacture of such goods in their own factories under such regulations as the Minister may prescribe.....	Free	Free	Free	Various	Various	Various
413	(i) Machinery and apparatus, of a class or kind not made in Canada, and parts thereof, specially constructed for preparing, manufacturing, testing or finishing yarns, cordage, and fabrics made from textile fibres or from paper, imported for use exclusively by manufacturers and scholastic or charitable institutions in such processes only.....	Free	5 p.c.	10 p.c.	Free	5 p.c.	10 p.c.
	(ii) Materials for use in the manufacture of the goods specified in tariff item 413(i).....	Free	5 p.c.	10 p.c.	(Too numerous to list)		
427c	Machinery and apparatus for dairying purposes, viz.:—Power churns, power milk coolers, power fillers and cappers, power ice cream mixers, power butter printers, power cream savers, power bottle sterilizers, power brine tanks, power milk bottle washers, power milk can washers; ice-breaking machines, valveless or centrifugal milk pumps, sanitary milk and cream vats; none of the foregoing machinery to include motive power.....	Free	15 p.c.	35 p.c.	Free 10 p.c.	15 p.c. 25 p.c.	35 p.c. 35 p.c.
427f	Machines for the manufacture of veneers and plywoods, viz.:—Veneer clippers; veneer clipper knife jointers; veneer glue spreaders; veneer jointers; veneer lathes; automatic veneer reelers with supporting trays and hoists; automatic veneer unreelers, veneer conveyers specially designed for use with automatic veneer reelers and unreelers; veneer taping machines; complets parts of all the foregoing..	Free	10 p.c.	35 p.c.	Free	10 p.c.	35 p.c.
431c	Machinists' or metal workers' precision tools and measuring instruments, viz.:—Calipers, micrometers, metal protractors and squares, bevels,						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
431c —*Con.*	verniers, gauges, gauge blocks, parallels, buttons, mercury plumb bobs, dividers, trammels, scribers, automatic center punches, hand speed indicators, straight edges, key seat clamps and other clamps and vises used by toolmakers for precision work, precision tools and measuring instruments, n.o.p.; parts of all the foregoing, finished or not.....	Free	9 p.c.	10 p.c.	Free	10 p.c. (9 p.c. on some)	10 p.c.
431d	Engineers', surveyors' and draftsmen's precision instruments and apparatus, viz.:—Alidades; altazimuth surveying instruments; aneroid barometers, engineering, military and surveying; angle prisms; boards, military sketching; box sextants, clinometers; compasses; cross staff heads; curves, adjustable, irregular, railroad and ship; curvimeters; drafting instruments of all kinds, including fitted cases containing the same; dipping needles; drafting machines; heliographs; integrators; levels, tripod and hand or pocket types; levelling rods; liners, section; meters, portable for hydraulic engineering; pantographs; planimeters; protractors; parallel rulers; parallel ruling attachments; poles, ranging; pedometers and pacometers; plane tables, military and topographic; scales, flat and triangular; slide rules; splines; straight edges, steel and wooden; tacheometers; tallying machines, pocket; tee squares, steel and wooden; telemeters; theodolites; transits, tripod and hand or pocket types; triangles of all types; tripods for use with any of the foregoing instruments; parts of all the foregoing, finished or not.....	Free	9 p.c.	10 p.c.	Free	10 p.c. (9 p.c. on some)	10 p.c.
431g	Fixed or stationary meters, of a size or capacity not made in Canada, for hydraulic engineering; gauges, indicators and recorders for water or other liquid levels, volume or flow, of a class or kind not made in Canada.....	Free	17½ p.c.	20 p.c.	Free	20 p.c. (18 p.c. on some)	35 p.c.

431h	Geophysical surveying precision instruments and equipment for use exclusively in prospecting for, or in the exploration and development of, petroleum, natural gas, water wells and minerals, or for geophysical studies for engineering projects, including the following: magnetometers; gravity meters and other instruments designed to measure the elements, variations and distortions of the natural gravitational force; field potentiometers, meggers, non-polarizing electrodes, and electrical equipment for making measurements in drill holes; instruments and equipment for seismic prospecting; geiger muller counters and other instruments for radioactive methods of geophysical prospecting; electrical and electronic amplifying devices and electrical thermostats designed to be used with any of the foregoing; all the foregoing of a class or kind not made in Canada, and repair parts, tripods and fitted carrying cases for any of the foregoing.....	Free	Free	30 p.c.	2½ p.c. Free 15 p.c. Free Free	15 p.c. 15 p.c. 22½ p.c. 10 p.c. Free	30 p.c. 30 p.c. 30 p.c. 15 p.c. Free
437	Locomotives, cars and coaches and repair equipment, belonging to railroads, brought temporarily into Canada for the purpose of clearing obstructions, fighting fires or making emergency repairs on railway lines within Canada; detector cars when imported to test rail in tracks in Canada.....	.....	Free	Free	....	Free 20 p.c.	Free 35 p.c.
438b	Bearings, clutch release; bearings graphite; bearings steel or bronze backed, with non-ferrous metal lining; bearings, steering knuckle thrust; bushings, graphited or oil impregnated; ceramic insulator spark plug cores, not further manufactured than burned and glazed, printed or decorated or not, without fittings; collars, crankshaft thrust; compressors, air; commutator copper segments; commutator insulating end rings; tapered discs of hot rolled steel, with or without centre hole, for disc wheels; distributor rotors and cam assemblies; door bumper shoes; electric wiring terminals, sockets, fittings and connectors and parts and combinations thereof, not to include battery terminals; gaskets of any material except cork or felt, composite or not, parts and materials therefor; ignition contact points; keys for shafting; auxiliary driving control kits, designed for attachment to motor vehicles to facilitate their operation by physically disabled persons and parts thereof; lenses of glass						

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438b —*Con.*	for motor vehicle lamps and for light reflectors; lock washers; magnetic plugs; piston ring castings in the rough, with or without gates and fins removed; propeller shaft tubes of steel bonded by rubber; rails of lock seam section, corners, locks and catches, unplated ventilators and parts thereof, the foregoing being of metal other than aluminum, for the manufacture of window sashes for bus bodies; steel bolts, studs, plugs, rivets or nuts, capped with stainless steel, and parts thereof; switches, relays, circuit breakers and solenoids and combinations and parts thereof; vacuum control assemblies and parts thereof; vulcanized fibre in sheets, rods, strips and tubings; all of the foregoing when of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 424 and 438a, or for use in the manufacture of parts therefor.....	Free	Free	30 p.c.	Free 10 p.c.	Free 25 p.c.	30 p.c. 35 p.c.
438c	Ammeters; arm rests and wheel housing lining of indurated fibre, pressed to shape; axle housings, one piece welded, machined or not, including parts welded thereto; carburetors; chassis frames and steel shapes for the manufacture thereof; cigar and cigarette lighters, whether in combination with a cigarette holder or not, including base; control ventilator gear box; cylinder lock barrels, with or without sleeves and keys thereof; dash heat indicators; engine speed governor units; external ornaments unplated, not including finish or decorative moulding; fluid couplings, with or without drive plate assemblies; front axle cross channel king pin support section assembly of steel, in the rough; fuel pumps, vacuum pumps and combinations thereof; gasoline gauges; grilles not plated, polished or not before assembly, and parts thereof not plated or polished, not to include added finish or decorative moulding; hinges, finished or not, for bodies; horns; instrument bezel assemblies; instrument board lamps; instrument panel, glove compartment,						

luggage compartment, hood compartment and door step lamps and wire assemblies; locks, electric ignition, steering gear, transmission, or combinations of such locks; mouldings of metal, with nails set in position, lead filled or not; oil filters; oil gauges; pipe lines of tubing, rigid or flexible, covered or not, with or without fittings and tubing therefore for oil, fuel, air, or liquid for actuating hydraulic brakes; purifiers for air; purifiers for oil or gasoline; radiator shutter assemblies, automatic; radiator water gauges; radiator shells not plated nor metal finished in any degree; shackles, bearing spring; speedometers; spring covers of metal and closing strips or shapes therefor; stampings, body, cowl, fender, hood, instrument board, of metal in the rough, trimmed or not, but not metal finished in any degree; starter switch assemblies; steering wheels, rims and spiders therefor; sun visor blanks of gypsum weatherboard; thermostatic controls; throttle, spark, choke, and hood lock release assemblies, including buttons therefor; tire clamping rings of steel, plated or not; universal joint ball assemblies; voltage control regulators; windshield and window wipers; parts of all the foregoing; all of the foregoing when of a class or kind not made in Canada and for use in the manufacture or repair of the goods enumerated in tariff items 410a (iii), 424 and 438a or for use in the manufacture of parts therefor.....	Free	20 p.c.	30 p.c.	Free Various	20 p.c. Various	30 p.c. Various	
(1) Provided, that if the above articles are imported for use as original equipment by a manufacturer of automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a, 424 and 410a (iii) whose total factory output during the year in which importation is sought does not exceed ten thousand complete automobiles, motor vehicles, electric trackless trolley buses or chassis, and provided that not less than forty per centum of the factory cost of production of such automobiles, motor vehicles, electric trackless trolley buses or chassis, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free	Free	25 p.c.	
(2) Provided, that if the above articles are imported for use as original equipment by a manufacturer of automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a, 424 and 410a (iii) whose total factory output during the year in which importations is							

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438c —*Con.*	sought exceeds ten thousand automobiles, motor vehicles, electric trackless trolley buses or chassis, and provided that not less than sixty-five per centum of the factory cost of production of such automobiles, motor vehicles electric trackless trolley buses or chassis, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be.....	Free	Free	25 p.c.	Free	Free	25 p.c.
	(3) Provided that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						
438d	Front and rear axles; brakes; clutches; drums; hubs; internal combustion engines; steering gears; magnetos; rims for pneumatic tires larger than thirty inches by five inches; transmission assemblies; hydraulic or fluid couplings and torque convertors; drive shafts; universal joints; steel road wheels; power dividers or transfer cases; and parts of the foregoing, when of a class or kind not made in Canada, and imported by manufacturers of the goods enumerated in tariff items 410a (iii), 424 and 438a for use only in the manufacture of motor trucks, motor buses and electric trackless trolley buses, or for the manufacture of chassis for the same.....	Free	17½ p.c.	27½ p.c.	Free 10 p.c.	17½ p.c. 25 p.c.	27½ p.c. 35 p.c.
	(1) Provided that if the above articles are imported for use as original equipment for motor trucks, motor buses and electric trackless trolley buses, or for chassis for the same, by a manufacturer of the goods enumerated in tariff items 410a (iii), 424 and 438a, and provided also that during the year during which importation is sought, not less than forty per centum of the factory cost of production of such motor vehicles and chassis therefor, not to include duties and taxes, is incurred in the British Empire, the rates of duty under this item shall be.....	Free	7½ p.c.	27½ p.c.	Free	7½ p.c.	27½ p.c.
	(2) Provided that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this item.						

438e	Parts, n.o.p., for automobiles, motor vehicles, electric trackless trolley buses or chassis enumerated in tariff items 438a and 424, not to include wireless receiving sets, die castings of zinc, electric storage batteries, parts of wood, tires and tubes or parts of which the component material of chief value is rubber:—							
	(1) Brake linings, and clutch facings whether or not including metallic wires or threads:—							
	(a) When made from crude asbestos of British Commonwealth origin	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.	
	(b) When made from crude asbestos, n.o.p.	15 p.c.	25 p.c.	35 p.c.	15 p.c.	25 p.c.	35 p.c.	
	(2) Automobile and motor vehicle engines, stripped, n.o.p., and complete parts thereof, n.o.p.	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.	
	(3) Parts, n.o.p., electro-plated or not, whether finished or not	Free	30 p.c.	40 p.c.	Free 15 p.c.	30 p.c. 22½ p.c.	40 p.c. 45 p.c.	
	Provided, that parts in chief value of iron or steel which were classified for duty purposes under tariff items 427 or 446a, as of January 1, 1936, shall be dutiable at	Free	25 p.c.	40 p.c.	Free	25 p.c.	40 p.c.	
	(4) Parts, n.o.p., of brass or copper, whether finished or not	Free	27 p.c.	40 p.c.	Free	27 p.c.	40 p.c.	
439c	Farm wagons, including four-wheeled farm wagons equipped to be tractor-drawn; farm sleds; logging wagons; logging sleds; and complete parts of all the foregoing	Free	15 p.c.	25 p.c.	Free 15 p.c.	15 p.c. 22½ p.c.	25 p.c. 35 p.c.	
442d	Materials, including all parts, wholly or in chief part of metal, of a class or kind not made in Canada, when imported by manufacturers of goods entitled to entry under tariff items 410g, 410l, 410n, 410o, 410p, 410q, 410u, 410w, 410z, 411, 411a, 411b, 427b, 427c, 427f, 428c, 428e, 440k, and 447a, for use in the manufacture of such goods in their own factories, under such regulations as the Minister may prescribe	Free	5 p.c.	10 p.c.	Free	10 p.c.	10 p.c.	
	Provided that materials and parts which are entitled to free entry or to a lower rate of duty than is specified in this item shall not be dutiable under this item.							

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
445m	(i) Flameproof electric switchgear, for use underground in coal mines, and complete parts thereof	Free	20 p.c.	30 p.c.	Free	20 p.c.	30 p.c.
	(ii) Flameproof electric transformers, rectifiers, cable-connecting devices, trailing cable extensions with couplers moulded on, junction boxes, and complete parts of the foregoing, when of a class or kind not made in Canada and for use underground in coal mines.....	Free	10 p.c.	37½ p.c.	15 p.c. 15 p.c.	22½ p.c. 22½ p.c.	37½ p.c. 30 p.c.
445n	Electrical instruments and apparatus of precision of a class or kind not made in Canada, viz.:—Meters or gauges for indicating and/or recording altitude, amperes, comparisons, capacity, density, depth, distance, electrolysis, flux, force, frequency, humidity, inductance, liquid levels, ohms, operation, power factor, pressure, space, speed, stress, thrust, synchronism, temperature, time, volts, volume, watts, weight; complete parts thereof.....	Free	15 p.c.	30 p.c.	Free 10 p.c.	15 p.c. 20 p.c.	30 p.c. 35 p.c.
445o	(i) Acid-free capacitor tissue and paper, plain and gummed; metal cans, extruded, plated or unplated; automatic record changers; parts for pick-ups; bias cells and holders; frames, yokes, brackets, pole-pieces, gaskets and field covers, separate or assembled for use in speakers with mounting diameter not exceeding 6⅜ inches; cones, spiders, spiders suspensions, voice coils and voice coil dust covers, separate or assembled; magnetic structures and parts thereof for permanent magnet speakers; glass dial crystals and scales and metal dials or scales made by the silk-screen process; metal cabinet escutcheons without crystals, plain or finished; high frequency circuit switches and essential components thereof; high frequency iron cores with or without inserts moulded therein; motors and gears for automatic tuning; radio frequency ceramics; raw low loss mica; sheets and punchings of low loss mica; tube shields and parts thereof; vibrators; vulcanized fibre in sheets, rods, strips or tubing; high frequency coil forms and tubing having an outside diameter not						

445o —*Con.*	exceeding one inch; for use in the manufacture or the repairs of the goods enumerated in tariff items 445d, 597a, and other apparatus using radio tubes, or for use in the manufacture of parts therefor	Free	Free	30 p.c.	Free Free	Free	30 p.c.
	(ii) Metal powders; etched aluminum foil; alloy resistance wire having a diameter of less than ·005 inch; spring-drive motors for record turn-tables; automatic record-centering mechanisms with tone arm, not including motors or turntables; metal cabinet escutcheons with crystals, plain or finished; when of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 445d, 597a, and other apparatus using radio tubes, or for use in the manufacture of parts therefor	Free	Free	30 p.c.	10 p.c. Free Free 10 p.c. 15 p.c.	20 p.c. 30 p.c. 20 p.c. 25 p.c. 20 p.c.	35 p.c. 30 p.c. 30 p.c. 35 p.c. 30 p.c.
	(iii) Materials and parts, not including motors, for use by manufacturers of apparatus using radio tubes, or of parts therefor, in the manufacture, in their own factories, of the goods enumerated in tariff items 445o (i) and 445o (ii)	Free	Free	30 p.c.	Various	Various	Various
476	Surgical and dental instruments of any material; surgical needles; clinical thermometers and cases therefor; X-ray apparatus; microscopes valued at not less than fifty dollars each, retail; complete parts of all the foregoing	Free	Free	Free	Free 20 p.c. 15 p.c. 12½ p.c. 15 p.c.	Free 25 p.c. 22½ p.c. 22½ p.c. 20 p.c.	Free 35 p.c. 45 p.c. 40 p.c. 25 p.c.
480a	Invalid wheel chairs, with or without motive power, and parts thereof	Free	10 p.c.	15 p.c.	Free Free	10 p.c. 17½ p.c.	15 p.c. 27½ p.c.
499a	Walnut shell flour, wood flour, and bark flour	Free	5 p.c.	20 p.c.	15 p.c.	20 p.c.	25 p.c.
504a	Ponderosa pine lumber (pinus ponderosa) and California sugar pine lumber (pinus Lambertiana), not further manufactured than planed, dressed, or jointed	Free	Free	Free	Free	Free	Free
523n	Seamless cotton bags and, per pound	15 p.c.	22½ p.c.	25 p.c. 4 cts.	15 p.c	22½ p.c.	25 p.c. 4 cts.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
539	Cordage, exceeding one inch in circumference, wholly of vegetable fibres, n.o.p.	7½ p.c.	12½ p.c.	25 p.c.	17½ p.c.	22½ p.c.	25 p.c.
	On and after July 31, 1949	17½ p.c.	22½ p.c.	25 p.c.			
585a	Tall oil, tall oil pitch and blended tall oil and tall oil pitch	Free	Free	Free	15 p.c.	20 p.c.	25 p.c.
587	Coke, n.o.p.	Free	Free	Free	Free	$1.00 per ton	$1.00 per ton
654a	Pins or pegs of synthetic resin used as bristles in the manufacture of brushes	Free	5 p.c.	20 p.c.	15 p.c.	20 p.c.	25 p.c.
657	Mouthpieces in the rough, screws, aluminum pipe fitments, pipe bowls moulded from briarwood dust, bowls of wood not further processed than frazed, corn cobs and corn cob bowls not further processed than shaped, when imported by manufacturers of tobacco pipes for use in the manufacture of such pipes, in their own factories	Free	Free	25 p.c.	Free 15 p.c.	Free 20 p.c.	25 p.c. 25 p.c.
682a	Net floats of any material except wood, for use exclusively in commercial fishing	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 25 p.c.
692	Collections of coins and/or medals; postage stamps; medals of metal and other metallic articles, which have been bestowed as trophies or prizes and received and accepted as honorary distinctions, or which have been donated by persons or organizations abroad for such purposes; trophy cups of metal and other metallic prizes (not usual merchantable commodities) won abroad in bona fide competitions, or donated by persons or organizations abroad for such purposes in Canada. The foregoing not to include medals, trophies or prizes which are regularly presented by organizations or business companies to their members, employees or representatives	Free	Free	Free	Free Various	Free Various	Free Various

693	(iii) Antiquities (other than spirits or wines) produced prior to January 1, 1847, under such regulations, including proof of antiquity, as may be prescribed by the Minister..... Provided that, notwithstanding anything to the contrary in this Act or in any other law or regulation relating to Customs, antiquities as described in part (iii) of this item shall, for entry thereunder, be relieved from the requirements as to origin or British Empire content.	Free	Free	Free	Free	Free	Free
696b	Films produced by or issued under the authority of government tourist bureaux, railway authorities, airway authorities or steamship companies; subject to such regulations as the Minister may prescribe	Free	Free	Free	Free Free	Free 10 p.c.	Free 15 p.c.
696c	Phonograph records for bona fide libraries, and being the property of the organized authorities of such libraries and not in any case the property of individuals or business concerns, under such regulations as the Minister may prescribe.....	Free	Free	Free	15 p.c. Free	20 p.c. Free	30 p.c. Free
848	All machinery and apparatus and parts thereof (including motive power) and drilling mud, for use exclusively in exploratory or discovery work in connection with, and development, depletion and production of petroleum or natural gas wells; seamless, lapwelded and electric welded iron or steel casing, tubing and drill pipe for use in connection with natural gas or oil wells.....	Free	Free	Free	Free	Free	Free

3. Resolved, that schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended, be further amended by striking thereout tariff items 523, 523a, 523b, 523e, 523j, 523k, 523l, 524a, 532b and 561, the several enumerations of goods respectively and the several rates of duties of customs set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
523	Woven fabrics, wholly of cotton, not bleached, mercerized nor coloured, n.o.p.	Free	.....	25 p.c.	15 p.c.	15 p.c.	25 p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	15 p.c.	15 p.c.	25 p.c.			
	and, per pound	.....	3 cts.	4 cts.			
523a	Woven fabrics, wholly of cotton, bleached or mercerized, not coloured, n.o.p.	Free	.....	27½ p.c.	17½ p.c.	17½ p.c.	27½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	17½ p.c.	27½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
523b	Woven fabrics, wholly of cotton, printed, dyed or coloured, n.o.p.:—						
	(i) Valued at more than 80 cents per pound	Free	.....	32½ p.c.	17½ p.c.	17½ p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	17½ p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
	(ii) Valued at 50 cents or more but not more than 80 cents per pound	Free	5 p.c.	32½ p.c.	17½ p.c.	22½ p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	22½ p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
	(iii) Valued at less than 50 cents per pound	Free	7½ p.c.	32½ p.c.	17½ p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after, July 1, 1949	17½ p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
	(iv) Woven fabrics, wholly of cotton, commonly known as denims, when imported by manufacturers for use in their own factories in the manufacture of garments	Free	.....	32½ p.c.	17½ p.c.	17½ p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.		3 cts.	4 cts.
	On and after July 1, 1949	17½ p.c.	17½ p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			

523e	Woven fabrics wholly of cotton with cut pile, n.o.p....	Free	10 p.c.	32½ p.c.	15 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after July 1, 1949.....	15 p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
523j	Shadow cretonnes, wholly of cotton, with printed warp and plain weft.....	Free	15 p.c.	32½ p.c.	10 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after July 1, 1949.....	10 p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
523k	Gabardines, wholly of cotton, with not less than 280 ends and picks of ply yarn per square inch.....	Free	15 p.c.	32½ p.c.	10 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.	.....	3½ cts.	4 cts.
	On and after July 1, 1949.....	10 p.c.	25 p.c.	32½ p.c.			
	and, per pound	.....	3½ cts.	4 cts.			
523I	Woven fabrics, wholly of cotton, composed of yarns of counts of not less than 80 and not more than 99, including all such fabrics in which the average count of the warp and weft yarns is not less than 80 and not more than 99.....	Free	7½ p.c.	32½ p.c.	12½ p.c.	20 p.c.	32½ p.c.
	and, per pound	.....	3 cts.	4 cts.	.....	3 cts.	4 cts.
	On and after July1, 1949.....	12½ p.c.	20 p.c.	32½ p.c.			
	and, per pound	.....	3 cts.	4 cts.			
524a	Fabrics with cut weft pile, wholly of cotton or of cotton and synthetic textile fibres or filaments....	Free	20 p.c.	32½ p.c.	5 p.c.	25 p.c.	32½ p.c.
	and, per pound	.....	3½ cts.	4 cts.			
	On and after July 1, 1949.....	5 p.c.	25 p.c.	32½ p.c.	.....	3½ cts.	4 cts.
	and, per pound	.....	3½ cts.	4 cts.			
532b	Woven fabric, wholly of cotton, for covering books....	Free	12½ p.c.	35 p.c.	15 p.c.	27½ p.c.	35 p.c.
	and, per pound	.....	.....	4 cts.	.....	.....	4 cts.
	On and after July 1, 1949.....	15 p.c.	27½ p.c.	35 p.c.			
	and, per pound	.....	.....	4 cts.			
561	Woven fabrics wholly or in part of synthetic textile fibres or filaments, not to contain wool, not including fabrics in chief part by weight of silk, n.o.p....	Free	5 p.c.	45 p.c.	22½ p.c.	27½ p.c.	45 p.c.
	and, per pound	.....	40 cts.	40 cts.	.....	40 cts.	40 cts.
	On and after July 1, 1949.....	22½ p.c.	27½ p.c.	45 p.c.			
	and, per pound	.....	40 cts.	40 cts.			

4. Resolved, that any enactment founded upon the foregoing resolutions to amend the Customs tariff or schedules thereto shall be deemed to have come into force on the nineteenth day of May, one thousand nine hundred and forty-eight, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

Mr. J. M. MACDONNELL (Muskoka-Ontario): Mr. Speaker, before moving the adjournment of the debate, I wish to make a few brief observations, as is customary on these occasions. My first words must be words of congratulation to the minister. I do not know whether I shall go quite as far in praising him and the government to which he belongs as he has gone himself. But we will all agree that the minister has given us a thoughtful and interesting picture of our national position.

I congratulate the minister upon putting a good face on things. The minister is a good lawyer and he knows that good lawyers are called in to present hard cases. I think he has not had too easy a time of it tonight.

I shall, like him, be entirely non-political in all I shall say. And indeed, before I take my seat, I shall express concurrence in certain of the measures which he has proposed. But the first thing I should like to do is to make some general observations on a subject which he has already dealt with, and that is the general position of our country, and one or two of the chief problems which we face.

The first problem I wish to mention, and perhaps the problem which is of the most pressing importance, is the economic position which we are in with regard to the United States. I would draw that to the attention of the house by making a brief quotation from a newspaper called the Winnipeg *Free Press*. The Winnipeg *Free Press* is a newspaper which from time to time shows signs of independence. Indeed I believe from time to time we have been told that it is independent. However I always note that, as an election comes around, it seems to line up and know exactly where it belongs. However, this is written in a moment of independence; therefore I read briefly from its issue of May 14:

> In the annual report which he will soon make to parliament Mr. Abbott may be expected to face frankly the grave situation in which Canada now finds itself. If he is frank he will admit that all measures so far taken by the government to save dollars have fallen far short of a basic solution of our problem. He will have to admit, indeed, that no solution is yet in sight.

The minister will realize that my congratulations have come to an end and I now wish to take a somewhat different tone. I think the minister has skated delicately and cleverly around this problem. He has referred to it; it has been mentioned. But I think the minister has really not gone at it very seriously. Indeed, I think we have been left with some rather misleading impressions.

The minister has a surplus. The minister had a surplus a year ago and at that time I think the minister was very naturally pleased —perhaps a little elated—with it. I do not think we can expect the minister to be unnecessarily elated by his surplus this year, though I think the position he took at that time was not realistic. But I say it is wise for him to remember that this surplus is very queer, because all the reasons for it are bad ones.

First of all, we have the reason that the estimate made a year ago was so wide of the mark. I am sure I would be the last man to put the blame upon any of the able civil servants. Where I put the blame is that we have had legislation lagging so far behind and we have had administration lagging so far behind that I can well imagine that, with tax returns years behind, the department has had great difficulty in making an estimate.

Other reasons have been glanced at by the minister: one, the fact that prices have risen so drastically from time to time, and also the fact that, for reasons with which we are all familiar, the government itself practically instituted a spending spree in the United States. That also increased the surplus. But I do not think I need say more about that. I do not think the minister is too elated about that this year because, after all, they have a surplus in Great Britain, but nobody feels that the surplus in Great Britain has solved or begins to solve their problem.

The minister indicated in various ways that he was not too easy in his own mind. He spoke about the "irritating controls" which the government has had to impose. He was not exaggerating there. Then he spoke about the exchange reserves which had sunk to "dangerously low levels". He was speaking very frankly and realistically there. Then he said that no one can survey the world without thinking more of "problems and difficulties than of progress and achievement". That is a very sound statement, and I think it is a good thing the minister did have that in mind.

We look about us and find many things, and I shall refer to them briefly, because I am not forgetting that this speech is to be a short one; we find many things which conduce to anything but self-congratulation. First of all, the hon. member for Cape Breton South (Mr. Gillis) reminded us the other day that, in spite of the tremendous employment of which we talk so much there are 27,000 unemployed, I forget whether he said in the maritime provinces or in Nova Scotia.

Then, of course, we have high prices and, constantly, the bad housing situation. Then we have a condition where our dollar is worth only sixty-five cents as compared with 1939.

Then we have the taxes for an average family of five now working out to $990 as against $193 in 1939. The average family of five has an over-all tax now of about $1,300.

Then, when we look abroad—I come back to the United States—we find that Canada has gone over to the great majority and that we are now short of United States dollars too. The only difference between ourselves and the other nations is that we asked for it. We were well enough off; we were getting along quite well, thank you, in June, 1946; but we did not know that we were well off. I am reminded of the epitaph of a man who had a rather sardonic nature. He must have taken time off to write his own epitaph, because he said: "I was well; I wished to be better; I am here". In June, 1946, we were getting along quite well, but then we decided arbitrarily to change the value of our dollar and since then we have been getting along very badly, worse and worse.

The effects of our action were really two. First of all, we lost $1,100,000,000 of precious United States reserves that we had. Second, and perhaps still worse, we cut off like turning a tap the United States investment in this country which had been one of the regular, normal and necessary aspects of our economic life for decades, I might almost say generations. We cut that off like turning a tap and we have persisted in the operation which keeps it cut off. We were getting United States dollars at the rate of $25,000,000 a month but we cut it off. Having shut off the dollars, we had to shut out United States goods.

We then set up certain powers, powers which the Minister of Finance does not like any better than we like them here. He did not give them any blessing tonight. He referred to them sadly and a little regretfully, but there they are. Arbitrary powers were given to the minister of all the talents.

Mr. HOWE: Narrow, low comedy.

Mr. MACDONNELL (Muskoka-Ontario): Cannot I even compliment the minister? What I want to point out is that these powers of last autumn that we heard so much about and that were going to do such wonders, "they ain't been allowed to work." According to responsible authority, we find that actually we imported more goods from the United States in January and February of this year than we did in January and February of 1947. How that makes sense, I do not know, but it almost looks as if the minister by his training—it might be quite natural—is much more interested in large construction than he is in small construction and therefore is more interested in letting in materials of various kinds from the United States for large construction. I must hurry on.

I want to say just one thing. We have not only distorted our economy abroad; we have distorted our economy at home by government action. The minister was engagingly frank when he referred to the results produced by government policy. He said:

> . . . we are spending a record-breaking volume of funds in the construction of industrial plants . . . public utilities and housing, bidding against each other for a highly limited supply of construction, labour and materials. An inevitable result of this endeavour to do too much too quickly, is the persistent upward pressure on the price level.

Why would not there be a pressure on the price level? I shall explain that in a moment. This is engaging frankness with a vengeance because the reason for this tremendous expansion is that for several years now we have had a special policy of accelerated, unusual and exceptionally high depreciation which has stimulated, again according to the best authorities, a building campaign of $1,400,000,000. Think of that. We have that competition and that is why probably my hon. friend to my left here cannot get any nails. They are building all kinds of large construction and we cannot have nails now for the poor man. In the meantime we have these tremendously large projects on hand.

I was struck by this statement and I could hardly believe it. Apparently it is true that by this special depreciation we have stimulated the increase of our industrial plant to the extent where it will be 377 per cent over 1939. It is scarcely creditable when we find that the comparable figure in the United States is 50 per cent.

Mr. HOWE: Is that bad?

Mr. MACDONNELL (Muskoka-Ontario): In other words, the minister thinks that we in Canada can go seven times as fast as the United States. He will need seven-league boots to do that. That is one of the reasons why we cannot have houses, that is one of the reasons why we have prices going through the roof. I do not need to say anything more because the words of the Minister of Finance have made it clear. He has used words which I hope I would have used myself, but I am very grateful to him for using them. We are trying to do "too much too quickly"; not "too little and too late," but "too much too quickly."

This feverish expansion has, of course, greatly lessened the production of consumer goods. You cannot be building factories to make tools and at the same time have men and materials for consumer goods. As I say, that is the

reason why prices have gone up. There is a simple illustration, perhaps not a very clever one; but to my mind we are rather like a farmer who starts to build out of his resources a great barn which, incidentally, in the end may prove to be too large for his needs, while in the meantime he neglects entirely the production of necessities for his family.

Before I take my seat, I wish to make one or two remarks about the details of the budget. The minister has already seen the approval of the whole house for his relief for elderly people. I wish to say that I think his argument for budgeting for a surplus is sound for the reasons that he gave: in the first place, because of the unusual and unprecedented and very likely non-continuing size of our present income and, second, because of the possibility, regrettable though it be, of the need for additional defence expenditures.

I have referred to the relief for elderly people. Then there is the reduction in the sales tax on foods. I would like to think that the minister may have attended the recent annual meeting of our party, but I do not think any people have a patent on that idea any more than he has.

Mr. ROWE: Except they put it on.

Mr. MACDONNELL (Muskoka-Ontario): Yes.

One other thing I wish to say, however, is that if anything were needed to prove the soundness of the arguments which were used in this house just two months ago against that absurd additional excise tax, it is the present action of the minister in relieving these other taxes while leaving that tax still on. That tax, Mr. Speaker, will stand as a monument of unregenerate political pride, and the friends of the party to which the minister belong can only hope that they will have better monuments to mark their achievements. Mr. Speaker, I move the adjournment of the debate.

Motion agreed to and the debate adjourned.

CANADA SHIPPING ACT

AMENDMENTS TO ACT OF 1934

The house resumed consideration in committee of Bill No. 300, to amend the Canada Shipping Act, 1934—Mr. Chevrier—Mr. Macdonald (Brantford City) in the chair.

The CHAIRMAN: The committee was dealing with section 20—

Mr. MacINNIS: Mr. Chairman, when the house rose at six o'clock it was my understanding that we were dealing with clause 18.

[Mr. Macdonnell (Muskoka-Ontario).]

Mr. CHEVRIER: I think the hon. gentleman is right. We were dealing with clause 18 when the house rose.

The CHAIRMAN: I understood that clause 18 had carried. However I shall now call clause 18.

On section 18—Certificate of discharge.

Mr. MacINNIS: What is meant by "a continuous discharge book"? Is that a departure from the principle which is now in effect?

Mr. CHEVRIER: It is to this extent. Under the act as it now stands, a seaman may have a discharge book if he so wishes. It is not compulsory; it is voluntary. This amendment requires him to have a continuous discharge book, in which may be entered by the master a record of his services on the ship in which he is engaged.

Mr. SINCLAIR: In what way is the record of the man to be entered? What are the classifications?

Mr. CHEVRIER: The classifications are not changed. The discharge book will be the same as that which now exists. As it is now, the seaman may ask for the book, and in it are recorded a list of headings having to do with his service, his classifications and the like. The terms of the book are not changed; they are identical; but this section provides that the discharge book must be of a continuous nature.

Mr. HACKETT: There is nothing obligatory upon the master to provide such a book. He merely has to give a certificate if the seaman comes to him with the book for the purpose of having an entry made. That is the situation, is it not?

Mr. CHEVRIER: The department provides the book.

Section agreed to.

On section 19—Payment over of property of deceased seamen.

Mr. MacINNIS: This clause deals with the property of a deceased seaman, master or apprentice. Why is the property of a person in this occupation dealt with differently from the property of the citizen who is not a master, seaman or apprentice? Is this some particular kind of property that may come into the hands of the minister? I am asking this question because it seems to be a departure from ordinary principles in dealing with the estate of a deceased person.

Mr. CHEVRIER: It is a departure to this extent, that it will expedite disposition of the assets of the deceased seaman. It deals only with the wages owing to him, and the assets that he might possess at the time of his death. The relative section is 222. Heretofore the provisions were different to the extent that the ordinary rules of law applied. The rules of law still apply, but it is much less expensive under the amendment for the dependents of the seaman to obtain the assets than it was before.

Mr. SINCLAIR: Does it apply only when the seaman dies on the high seas or in a foreign port, or does it also obtain when he dies in a Canadian port or anywhere in Canada?

Mr. CHEVRIER: It applies regardless of where he dies.

Mr. SINCLAIR: If the seaman dies in Canada, why should his estate not be handled in the normal way? I can understand that if a seaman died abroad or in a foreign port there might be a little difficulty in the handling of his estate, because the master of the ship would be the first to take possession of his effects; but surely if a seaman dies in Canada or on a Canadian ship in a Canadian port, would not the ordinary processes of the law apply?

Mr. CHEVRIER: If he were to come under the ordinary process of the law as set out in section 222, the property would have to be disposed of in accordance with an order of the court, which is a matter of some cost to the claimant; whereas by this amendment it will not be obligatory to obtain an order of the court. It may be paid to the dependent, or to the executor or the executrix or whoever is rightfully entitled to it.

Mr. HACKETT: Where does parliament get jurisdiction in that matter? It would seem to me that if death took place in a port or within any province there might be a question of civil rights arising which would make this section of rather uncertain value.

Mr. CHEVRIER: This section applies to a case where the property or the assets of the deceased come into the hands of the minister. There are numerous such cases in the administration of deceased seamen's estates.

Mr. HACKETT: My question arose out of the question of the hon. member for Vancouver North.

Mr. LANGLOIS: It might also be timely to add that this covers property which comes into the hands of the minister through the master of the ship, and covers only personal effects of the seaman which are left on board after his death.

Section agreed to.

On section 20—Steamships to carry certificated cooks.

Mr. HAZEN: Who has the minister in mind to examine the applicants for cooks?

Mr. CHEVRIER: There will be set up in the department a directorate which will handle not only the matter of the examination of cooks but also the provisions of the other international labour conventions. When these are approved, the necessary machinery will be established under the nautical services branch.

Mr. HACKETT: Does the question of proficiency come under the civil service?

Mr. CHEVRIER: No.

Mr. HAZEN: Has any fee been fixed that the applicant will have to pay who applies for a position as a cook on a ship?

Mr. CHEVRIER: Nothing has been fixed. The regulations have not been established, but I presume that will be worked out in due course.

On section 21—Governor in council may make regulations to give effect to conventions.

Mr. MacINNIS: Has the government taken steps to ratify the various conventions of the international labour organization? Do these come under the jurisdiction of the federal government?

Mr. CHEVRIER: The government has taken steps to ratify the four conventions approved at Seattle. As regards the second question, Canada is one of the nations that belong to the international labour organization, and if nations concerned agree to ratify the various conventions adopted there, they become effective. Canada has signified its intention of ratifying these four, so that when nations having a tonnage of more than 1,000,000 gross tons registered shipping approve the conventions, they will become effective in this country.

Mr. MacINNIS: I had in mind that some of the conventions approved by the international labour organization come under the jurisdiction of the provincial governments, and consequently the federal government is not in a position to ratify them. That used to be the explanation given here to account for the small number of ratifications by Canada of

conventions of the international labour organization. I assume these four are in the schedule to the bill and that they cover matters that come under federal jurisdiction.

Mr. CHEVRIER: Yes. The hon. gentleman has answered the question.

Mr. HAZEN: Why should there be a distinction between the man who wants to get a job as a sailor and the man who wants to get a job in any industry in the country? The man who looks for a job as a sailor must first have a medical examination, but no provision of that kind applies, so far as I know, to any other citizen of the country if he is looking for a position in industry.

Mr. CHEVRIER: I do not know whether I can answer the question to the satisfaction of the hon. member. All I can say is that Canada subscribed to the convention, and it was signed by this country and is submitted to parliament for approval in this bill. If it is the wish that it be not approved, that is a different matter, but I presume that the whole problem was discussed and disposed of at the Seattle convention.

Mr. HAZEN: I was wondering whether this matter had ever been brought to the attention of the seamen's unions. Do they favour it?

Mr. SINCLAIR: The seamen's union of British Columbia were in favour of it. I may say that in our province there are several industrial occupations in which a medical examination is insisted upon before any man can secure employment. Any man who wishes to work underground must have such an examination. The reason the sailors themselves are keen on this provision is that a serious situation could easily develop if a man with an infectious disease or some deficiency embarked on a voyage with healthy men. It is more imperative that an examination be made of such men than in any other industry and I am sure the seamen welcome it most.

Mr. CHEVRIER: The seamen were represented by one if not two delegates, perhaps more, at the international convention.

Mr. ARCHIBALD: I cannot make out from this whether any amendment has been made in the Canada Shipping Act to this effect, so far as the question of health is concerned. Under the Canada Shipping Act, a seaman may go to sea and the boat may be wrecked. Suppose, let us say, as a result of an accident, he was paralyzed. When he comes back to Canada he has to come back in the ship he sailed in; otherwise he does not get medical attention in Canada. Has that been rectified?

[Mr. MacInnis.]

Mr. CHEVRIER: There is no provision covering that situation, because I am not empowered to bring it forward. The part dealing with the sick mariners' fund is under the department of national health. The point my hon. friend has in mind is covered, I should think, under the workmen's compensation act, which was introduced the year before last and approved.

Section agreed to.

On section 22—Offences.

Mr. LANGLOIS: I would point out to the minister the expression, when "the ship is placed in security". Will the minister give an assurance that tidal ports and tidal harbours will never be considered as ports of security or places of safety?

Mr. CHEVRIER: I am afraid I cannot give that assurance. The wording is there and it would be a matter of interpretation. It says that the seaman shall not be guilty of the offense of desertion after his ship and cargo have been placed in security. What is security is a matter of interpretation. I should think that if the ship were securely moored that would end it.

Mr. LANGLOIS: You are going to leave the interpretation of security to the harbour master and I suppose the department will be issuing instructions to him. The meaning of security, I contend, should be determined here.

Mr. SINCLAIR: Or the ship's master.

Mr. LANGLOIS: Yes. That is the kind of assurance I want. Suppose the tide runs out; even though the ship is well moored, if there is no one to look after the lines she will break loose and cast adrift, becoming a danger to all, and endangering the lives of other sailors.

Mr. CHEVRIER: I should think that at the time the ship is placed in security and the tide has not risen or gone out, the seaman has observed the terms of the clause. If afterwards something happens I do not think the seaman would be to blame.

Mr. SINCLAIR: Suppose a seaman wanted to go on strike. Subsection 2 says it is permissible and it is not desertion now, provided that he has made the ship secure to the satisfaction of the harbour master or the master of the ship. Where there is no harbour master, as is the case in many ports in British Columbia where deep-sea ships come for timber, it would be easy for the ship's master, by assertion, to declare that the ship was not secure and so hold up the men indefinitely from any action they might want to take with respect to

striking. I suggest, as does the hon. member for Gaspe, that a much more specific definition of what is security should be right here in the act, to protect both the ship and the rights of seamen. It is not good enough to leave that to the interpretation of either the harbour master or the ship's captain.

Mr. ARCHIBALD: If men are going to go on strike on the Pacific coast they will wait until the boat ties up in Vancouver. That is the only logical place where they would walk out. They can walk out as soon as the boat is tied up and there are enough personnel to look after the lines. It would be well known on both sides that the boat was securely tied up, with the shore personnel to look after it. I do not think you would have to bother a great deal about that.

Section agreed to.

Sections 23 to 26 inclusive agreed to.

On section 27—Records of service.

Mr. SINCLAIR: With regard to this record of service which is to be kept at the central registry of the Department of Transport here in Ottawa, will that include just the period of service on various ships, or will it also include the record of the man on discharge from various other ships, so that in the event of a man's losing his continuous discharge book, he could get a duplicate record from the central registry here in Ottawa?

Mr. CHEVRIER: It includes complete records, I am informed.

Mr. HACKETT: Is any duplicate record of the book kept? I do not think so.

Mr. CHEVRIER: Yes; I am informed there is.

Mr. ARCHIBALD: In the other place the department's officers stated they wanted to do away with the continuous discharge book. Would the minister not reconsider bringing that back and having separate discharge papers for every voyage? One short voyage can destroy the whole work of a lifetime. It is tough enough as it is, in the case of officers on the Pacific coast, piloting a boat up there. By running on a rock, through just one misguided move, they have lost the benefit of years of good service. You are doing the same thing with a seaman before he even gets started. On a voyage of a couple of weeks, a bum skipper or a bum first mate who has it in for one man can drive him to the point where he will blow up and the skipper or first mate will hand in a record that will be hanging over that man for his life. There is no sense in my moving amendments here. I should like to see the government do it, and I would be only too glad to support one to make provision for separate discharge sheets for every voyage. If the man wants to present them, there is his record; and the majority of them would be good. Under the qualifications that you now intend to demand for a seaman, you are going to ask for three years' service before he is considered an able-seaman, and he will have to produce records for it. The majority of the records would be good. He might have one bad discharge sheet, but he would not have to present it. He could hold that out.

Mr. SINCLAIR: That is the point.

Mr. ARCHIBALD: Many people make mistakes that they hold back on. I really make this appeal to the minister, because I am certain it would make a great deal of difference in labour relations on the boat.

Section agreed to.

Sections 28 to 30 inclusive agreed to.

On section 31—Cabin passage and fifteen dollars a day.

Mr. CHEVRIER: In order to help members, perhaps I should say here that these sections 352 and 353 have been amended at the request of the pilots' association. The only change here is the substitution of "fifteen" in place of "three" dollars. The departmental officials thought the revision should be made because of increases in costs which have taken place over the years.

Section agreed to.

Sections 32 to 35 inclusive agreed to.

On section 36.

Mr. CHEVRIER: Perhaps I should say here, with reference to section 36, that this relates to the statement which I made in the house the other day concerning classed ships, ships which are classed by Lloyd's or the British Corporation. The act now provides for inspection once a year; but ships that are classed under these corporations are already inspected annually. So it was considered unnecessary that classed ships be inspected over again. Hence the provision has been inserted that classed ships may not be required to be inspected each year. Then paragraph (p), which has to do with the holding of periodic boat drills, has been inserted in the act so as to carry out the recommendations of the in-

vestigation which had to do with the sinking of the S.S. *Emperor*. The commission on that occasion made as one of its recommendations, that on all ships of a certain size there should be periodic boat drills, so that the seamen would be capable and able to act in a case of emergency.

Mr. GIBSON (Comox-Alberni): Will the minister say what the size is of the ship to which he refers, where a periodic boat drill is demanded?

Mr. CHEVRIER: It has to do with cargo boats only; it has to do with cargo boats of all sizes.

Mr. LANGLOIS: As the minister mentioned only the British Corporation and Lloyd's, am I to understand that they are the only two classification societies which will be considered in regard to this section?

Mr. CHEVRIER: No. All classification societies will be considered. I just mentioned those as examples.

Mr. STUART (Charlotte): I should like to ask the minister a question in connection with the matter referred to by the hon. member for Comox-Alberni, having to do with regulations for the holding of periodic lifeboat drills on cargo boats. Does this mean on the coastwise ships?

Mr. CHEVRIER: Yes.

Mr. STUART (Charlotte): That includes coastwise ships?

Mr. CHEVRIER: Yes.

Mr. STUART (Charlotte): On many of those boats in my section of the country there would be only two men employed, and three on a good-sized boat.

Mr. CHEVRIER: If the hon. member looks at the section, he will see that this makes provision for regulations. The regulations have not yet been made, and I am sure that a condition such as he refers to will be taken into consideration in making the recommendations.

Mr. LANGLOIS: Will these boat drills take place before an inspector of this department, or is it a boat drill that will be carried on on board under the supervision of the master of the ship and recorded in the log only?

Mr. CHEVRIER: It would be under the master of the ship, I am informed. But the regulations would cover a situation such as that.

Section agreed to.

Sections 37 to 39 inclusive agreed to.

[Mr. Chevrier.]

On section 40—Minister may relieve ships from compliance with this part.

Mr. HACKETT: This is another clause like clause 11 to which I directed some remarks on the second reading of the bill. Roughly, this section is similar to section 11 of the bill; it refers to section 133a of the act; it gives to the minister certain powers. This section gives to the minister, on the recommendation of the chairman of the board of steamship inspection, the power to delete substantial portions from the statute.

Mr. CHEVRIER: But only in case of emergency.

Mr. HACKETT: Well, how clear is that? The minister will note that the section we are considering, which is section 40 of the bill, but which is to be section 488A of the shipping act, is in these terms:

> Notwithstanding anything in this part, the minister, on the recommendation of the chairman of the board of steamship inspection, may relieve any ship registered in Canada or the owner of any such ship from compliance with any of the provisions of this part or regulations made thereunder relating to steamship inspection, excepting provisions relating to radiotelegraph installations in ships, in any specific case of emergency where the minister may deem it necessary or advisable in the public interest, to such extent, in such manner and upon such terms as he may consider proper in the circumstances . . .

The minister will not think me facetious if I tell him that the wonderful capacity of the government to create emergencies does not leave me wholly satisfied that an emergency may not be created without a great deal of justification. In this instance we are dealing with part VII of the Canada Shipping Act, which is under the heading "Safety," and it is in this part that all measures providing for the safety of the crew, the passengers and the ship are enacted. Under section 40 of this bill the minister, upon the recommendation of the chairman of the board of steamship inspection —who as a rule is not unfriendly to the minister—may delete nearly all these safety provisions from the statute. Glancing over these provisions hurriedly, I see that they include safety and inspection certificates; provision as to safety convention, ships not registered in Canada; limited and other voyages; overloading passenger ships; safety precautions, radio equipment and so on. It is the story of the protective devices which the experience of long years of seafaring have placed upon the statute books.

I admit mournfully that within the last three or four years the government has enacted legislation like this. That is, the government has placed it within the power of the executive

to thwart by executive determination, which is by order in council, legislation embodied in statutes. As a result, there is no fixity in the legislation; there is no permanency in it. Legislation ceases to be applicable to all persons in all cases. It may be applied to A and it may not be applied to B if the governor in council has the approval of the chairman of the board of steamship inspection. No one knows what it takes to convince the chairman of the board of steamship inspection, and no one knows exactly what the law is, because at all times and without notice it is subject to change.

My criticism is levelled at this particular statute. Section 40 is evidence of a tendency which, if persisted in, is bound to undermine the respect Canadians have had for statute law, because it will be variable, indeterminate, and subject to alteration without notice to the parties. I am going to ask the minister if he will be good enough to explain to the committee why such drastic changes are being introduced into this act. I hope he will find a better reason than saying the parliament in Britain has recently passed similar legislation.

Mr. CHEVRIER: I think I can give my hon. friend more than one good reason why it is being placed in the statute in this manner. In the first place, this section, as well as the one of which my hon. friend complained this afternoon, was discussed at quite considerable length in this house under the transitional powers act.

Mr. HACKETT: I am aware of that.

Mr. CHEVRIER: I do not know whether the hon. gentleman raised the same point—

Mr. HACKETT: I did.

Mr. CHEVRIER: —but certainly members of his party raised the point. Those two sections were fully discussed at that time, and it was stated by myself that they would be inserted in the Canada Shipping Act in the amendments to be brought down this session.

This order in council has been in force since 1942, and has worked well. Had it not been in effect, it would have been impossible to keep ships moving. My hon. friend says it is not sufficient to say there is a similar provision in the United Kingdom act. I am not giving that as a reason, but we all like to turn to the British parliament and to cite what is being done there, where they have had far more experience than we have had in maritime matters.

Then, if my hon. friend had read a little further—though I am sure he has read it all—he would have seen that the danger of which he complains is mitigated substantially by these words:

> . . . but the minister shall not relieve any ship or owner from compliance with any such provision to such extent or in such manner as would permit any ship to proceed to sea or make any voyage or trip in an unseaworthy condition, that is to say, unfit by reason of the defective condition of her hull, equipment or machinery, or by reason of undermanning, overloading or improper loading, to proceed to sea or make any such trip or voyage without serious danger to life.

During the debate on the transitional powers measure, I think I was asked how many such exemptions had been given. I do not recall at the moment how many there were, but the number was not great over the years the provision has been in force. Certainly I am able to say that no accident or death or injury to anyone arose by reason of the order in council.

Mr. HACKETT: But would the minister say why it is necessary in peacetime to perpetuate a measure to which we all bowed under the exigencies of war? During the war we yielded up the ordinary processes of democratic government. But now that the war is over, why should the minister be entitled to declare whether or not there is an emergency. He may be a very good and able man; but why should an individual be able to tear up a statute, simply because he believes there is an emergency. We all know that, amid the stresses of the type of life to which the minister and others have devoted their many talents, emergencies of one kind of another come forward rapidly. What is the reason today for deleting from a statute many of these life-preserving measures, many of these measures which have become law as a result of the experience to which the minister has referred, measures that have been on the statute books unchallenged and untouched until the war?

Mr. CHEVRIER: Because if this section were not included or if it were not approved, many ships and their cargoes would be tied up and unable to move. I can think of one particular instance where I was called late at night by the master of a ship, who pointed to the fact that he had a huge cargo which would be subject to loss unless he were given an exemption under this section. On the matter being referred to the chairman of the steamship inspection board he reported it was a case of emergency, and recommended that section 488 should not be applied and that the exemption should be given.

If that provision had not existed by virtue of the War Measures Act the ship would have been tied up until a complete inspection could have been made. There are times when it is

not possible for inspectors to make the annual inspections to see that the boilers, hulls and equipment are in first-class condition. Again, when it appears to the satisfaction of the chairman of the steamship inspection board, who communicates with the inspector in the locality where the ship is situated, that it is a case of emergency, he so recommends to the minister who, as a rule, accepts the advice; because, speaking for myself, I have not the technical knowledge which would permit me to make a decision. I must rely upon the advice I receive from the steamship inspector.

Mr. HACKETT: I do not wish to overstate the case, nor do I wish to be disrespectful to the minister or to say things which would be disagreeable to him. But I must tell him in all sincerity that I think an application of the principle he is advocating is subversive of the whole theory of statutory enactment, and of the rule of law. That rule of law cannot in any respect be dependent upon the whim or good temper or honesty of an individual. A statute containing a provision like this ceases to be a rule of law, and becomes a rule of an individual. That is one of the dangers confronting us today.

Mr. GIBSON (Comox-Alberni): I would say to the hon. member for Stanstead that in the operation of ships some flexibility has to be allowed for the exercise of discretion by the minister, or the chairman of the steamship inspection service. I have in mind a vessel out on whaling operations, which is due to come in for inspection on September 1. Their normal season does not end until probably the middle of October.

Mr. HACKETT: That is not what we are discussing.

Mr. GIBSON (Comox-Alberni): There should be some discretion left.

Mr. HACKETT: That is not what we are discussing. We are giving to the minister the right to tear page after page out of the Canada Shipping Act. It is a pure act of volition, depending upon his judgment and integrity—

Mr. CHEVRIER: In a case of emergency.

Mr. MacINNIS: Mr. Chairman, it is not often I find myself in agreement with the hon. member for Stanstead; but I do at this time.

Mr. HACKETT: With some regrets.

Mr. MacINNIS: Although, as I say, I do not often find myself in agreement with him, I have great respect for the sincerity of his

point of view and also for his judgment. The minister said that the order in council under the War Measures Act was in effect since 1942. It came into effect in wartime, when we were short of ships, when there was an emergency and when the ordinary rules of safety did not and could not apply. Why today, three years after the war is over—or in the future, perhaps ten years after the war is over—a provision like this should remain, I do not know.

The minister referred to one case where he was called up during the night where a ship with cargo was laid up and unable to move. The question is: Why was that allowed to happen? Why was not the ship examined before she was loaded? If one is going to say, "Well, we have to get out, even if the ship is not inspected; we will have the minister give us a permit in order to sail"—surely that is making a monkey out of the law. Even with my slight knowledge of law, I suggest that would be poor law indeed.

In a committee today I made an attempt to have a slight variation made in a section in another bill. My suggestion was to use an expression somewhat similar to the one I see at the top of this bill—"notwithstanding anything in the preceding section". I was told that was not good law. Here we find the wording goes this far: "notwithstanding anything in this part". It is not a section, but a whole part of the act. The minister could throw the whole act under the table, and give permission to do things the act does not permit. I suggest that is not good law, although it has been in effect since 1942. There was good reason for it at that time, but that reason does not apply today.

Mr. CHEVRIER: Yes, the reason is the same today as it was then.

Mr. STUART (Charlotte): Only last year a company in my constituency had a freighter built in Nova Scotia. Certain equipment required could not be installed in the particular area where it was built. Because of this section in the act, the owners were allowed to bring the boat across the bay of Fundy to the New Brunswick side in order to have the equipment installed. In cases of that kind this section is most helpful.

Mr. ARCHIBALD: Surely there must have been something in the Canada Shipping Act prior to these provisions which have been mentioned. Inspectors must have had some degree of leeway; because I know I have been told to lay off chipping a double bottom, because I was going right through. All that

was keeping me from the water was rust. I could see that, of course. There must have been some leeway at one time or another prior to these provisions being brought in. I wonder if this is necessary.

Mr. BAKER: I should like to add a little to what has been said by the hon. member for Comox-Alberni. You must have a certain amount of flexibility. For example, you might have a highly perishable cargo which would be ruined if not moved immediately, which is often the case. It might be that a ship was awaiting inspection but was needed right away in order to move that cargo. It will be noted that section 488A does not take away responsibility for the safety of the ship, the load-line or anything else. The law must be complied with, otherwise the owner and the master are responsible. I believe that a certain amount of flexibility should be permitted and the master given some discretion in the matter. Shipping, particularly sea shipping, is different from any other industry. I think this is an important section.

Mr. SINCLAIR: I want to make a point in connection with this section in support of the amendment that I said on second reading I was going to move in connection with radio-telegraph service. It will be noted that this section grants great powers to the minister with relation to relieving a ship from various inspections which it should pass, but the minister is not given any leeway with regard to one service. In about the fifth line of the section it says:

. . . excepting provisions relating to radio-telegraph installations in ships . . .

I draw those words to the attention of the committee, because they show clearly that those who drew up the Canada Shipping Act put that service and that inspection above all others. The minister cannot relieve a ship of any responsibility in that connection.

Mr. HAZEN: I tried to get a copy of the merchant shipping act of Great Britain from the library but was unable to do so. Apparently there is only the one copy and it is out.

Mr. HACKETT: I thought the minister had it.

Mr. CHEVRIER: He is innocent.

Mr. HAZEN: The minister has told us that this proposed amendment follows along the lines of the merchant shipping act of Great Britain. Has the same wording been adopted here as was adopted in Great Britain? I presume that this was by way of amendment to the merchant shipping act and I should like to know when the amendment was made.

Mr. CHEVRIER: The amendment to the merchant shipping act of the United Kingdom was made in 1906. I can speak only from memory, but the wording is not exactly the same; there is some variation.

Mr. HAZEN: As I read this section, it does not state who shall determine whether a specific emergency exists.

Mr. HACKETT: The minister does that.

Mr. HAZEN: It says the minister may deem it necessary or advisable in the public interest, but it does not say he is the person who determines that a specific emergency exists. Is that the intention?

Mr. CHEVRIER: The intention is that, on representations made by various masters or ship owners or steamship inspectors, he may relieve the ship from compliance with this part.

Mr. MacINNIS: It seems to me that subsection 1 is drafted to apply only to a period of emergency, and in my opinion a period of emergency should be capable of definition. Subsection 2 reads:

Subsection one shall have force and effect only during such period or periods as the governor in council may determine.

That means that any time can be considered a period of emergency. We should have more information as to what creates or causes an emergency when we are asked to give these wide powers to the minister. That explanation has not been given. There were some fantastic statements made in regard to what this section might prevent being done. The hon. member for Charlotte mentioned a ship which had not had its machinery installed and which could not be moved from one place to another in order to have the machinery installed. Surely that is a fantastic thing, because that ship was not going to sea.

Mr. STUART (Charlotte): I beg your pardon, the ship was going to sea.

Mr. MacINNIS: It could not go to sea without its machinery.

Mr. STUART (Charlotte): It could go across the bay of Fundy.

Mr. MacINNIS: I think I know that bay nearly as well as my hon. friend. This is important legislation and surely it cannot be justified by the feeble arguments that have been put forward.

Mr. GIBSON (Comox-Alberni): It appears to me that the hon. member for Vancouver East is of a suspicious nature. Apparently he assumes that an individual who happens to own a boat is a capitalist and it is better to put him out of business. You cannot order things at sea the way you can order a taxi business in Vancouver. Emergencies arise and the minister must be given some power.

Mr. MacINNIS: If the hon. member for Comox-Alberni did not feel so guilty he would not think I was suspicious. I realize that emergencies do occur at sea, and it is because I do not want emergencies to occur that I do not want the minister to be given these wide powers that may send ships to sea that are not worthy to go to sea.

Mr. CHURCH: It is a dangerous principle to substitute the minister for the board of steamship inspection. We had a measure like that temporarily during the war. The law should provide for the safety of the public.

Progress reported.

BUSINESS OF THE HOUSE

Mr. FOURNIER (Hull): Tomorrow we shall resume the second reading of Bill No. 280, to amend the National Housing Act, 1944. If that is concluded, we shall take up the second reading of Bill No. 229, to amend the Customs Act. If we make much progress we shall proceed with the second reading of Bill No. 228, to amend the Excise Act, 1934.

Mr. CHURCH: What about the Department of Justice? It will be the eighty-seventh day of the session.

At eleven o'clock the house adjourned, without question put, pursuant to standing order.

APPENDIX

TO

THE BUDGET, 1948-49

Budget Papers presented by the
Honourable D. C. Abbott, M.P., for the
information of Parliament on the occasion of the
Budget of 1948-49

FOREWORD

The purpose of this appendix is twofold:

(1) to make available in one place and in convenient form, as a supplement to the budget, some of the more comprehensive economic statistics prepared by the Dominion Bureau of Statistics and other government agencies;

(2) to present a preliminary review of the government accounts for the fiscal year which ended on March 31, 1948.

PART I

TABLES OF ECONOMIC STATISTICS

Some of these tables were originally published elsewhere; others appear for the first time in this Appendix. They were selected or designed to provide a broad factual background to assist in the analysis of the Budget accounts and proposals from an economic point of view. Each is prefaced by a short comment.

The first group of tables (Numbers 1 to 15) relates to what are usually referred to as the NATIONAL ACCOUNTS (not to be confused with the Public or Government Accounts). The nature and source of these statistics are described more fully on pages 939 to 946 of the Canada Year Book for 1947. Broadly speaking, they attempt to display and analyse the income, production and expenditure in *dollar terms* of the Canadian people as a whole for the calendar years 1939 (largely a pre-war year), 1944 (when Canada's war effort was at its peak), 1946 and 1947. Estimates for 1947 are preliminary.

Beginning with a comprehensive statement showing estimated National Income and Expenditure, the tables proceed to break down the global figures into various segments to illustrate the changing pattern of income and expenditure and to show the relationship between Government Accounts and the National Accounts.

Then follows an analysis of Canada's balance of international payments and foreign exchange reserves.

Finally, a group of tables is presented relating to employment, production, prices and money supply.

NOTE: In preparing estimates of the National Accounts for this Appendix the Dominion Bureau of Statistics has made a number of revisions on the basis of later information in the figures for 1946 and 1947 already published. These revised figures will also appear in the next issue of the Canadian Statistical Review.

NATIONAL INCOME AND EXPENDITURE

It is estimated that during 1947 the Canadian people produced goods and services valued at $13·2 billion, exceeding the previous year by 13%. Most of the increase was accounted for by higher prices and the remainder by greater physical output. After deducting the indirect taxes included in the prices of goods and services and business costs such as depreciation, the net income accruing to Canadians during 1947 is estimated at $10·8 billion, two and a half times as much in dollar terms as in 1939. All types of incomes shared in these increases.

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1939	1944	1946	Prelim. 1947
	(Millions of Dollars)			
1. Salaries, wages and supplementary labour income..	2,565	4,869	5,195	6,111
2. Military pay and allowances	32	1,068	340	83
3. Investment income	776	1,755	1,950	2,318
4. Net income of agriculture and other unincorporated business	901	1,904	2,065	2,308
5. **NATIONAL INCOME** (1+2+3+4)	**4,274**	**9,596**	**9,550**	**10,820**
6. Indirect taxes less subsidies	726	1,123	1,261	1,571
7. Depreciation allowances and similar business costs.	582	881	839	906
8. Residual error of estimate	−1	+220	−37	−132
9. **Gross National Product at Market Prices** (5+6+7+8)	**5,581**	**11,820**	**11,613**	**13,165**

Shown below are the ways in which the annual output of the nation was utilized. During 1947 government expenditure on goods and services continued to decline in both relative and absolute terms but this decline was more than offset by increased private spending on investment and consumption. Last year spending by federal, provincial and municipal governments absorbed less, by value, of the goods and services produced by Canadians than in any year since 1940 and proportionately even less of total output than in 1939. The demands upon output represented by investment in Canada in plant, equipment, housing and inventories rose sharply from $1·7 billion in 1946 to $2·8 billion in 1947, an increase of more than 65%. Personal expenditure rose by more than a billion dollars from 1946 to 1947.

TABLE 2

GROSS NATIONAL EXPENDITURE

—	1939	1944	1946	Prelim. 1947
	(Millions of Dollars)			
1. Personal expenditure on consumer goods and services	3,828	6,253	7,712	8,736
2. Government expenditure on goods and services				
(a) excluding mutual aid, UNRRA and military relief	749	4,127	1,732	1,454
(b) mutual aid, UNRRA and military relief	.....	960	97	38
3. Gross home investment—				
(a) plant, equipment and housing	554	756	1,321	2,042
(b) inventories	329	−83	387	780
4. Export of goods and services [1] (excluding mutual aid, etc.)	1,449	3,566	3,197	3,581
5. Imports of goods and services[1]	−1,328	−3,539	−2,871	−3,599
6. Residual error of estimate	.....	−220	+38	+133
7. **Gross National Expenditure at Market Prices** (1+2+3+4+5+6)	**5,581**	**11,820**	**11,613**	**13,165**

[1] Minor adjustments have been made to the figures of current receipts and payments shown on page 21 of "The Canadian Balance of International Payments", 1948, Dominion Bureau of Statistics, to achieve consistency with the other component series. (See also Table 13).

PERSONAL INCOME AND ITS DISPOSITION

Personal income rose by $645 million or 7% from 1946 to 1947, a considerably higher percentage increase in wages, salaries, farm incomes and other forms of personal earnings being offset by sharp reductions in military pay and allowances and veterans' benefits. Transfer payments to persons by all governments, such as family allowances, old age pensions, veterans' benefits and unemployment payments, formed about 8% of personal income during 1947 as against about 6% in 1939, despite the decline in non-recurring payments to veterans which were at their peak in 1946.

TABLE 3

SOURCES OF PERSONAL INCOME

—	1939	1944	1946	Prelim. 1947
	(Millions of Dollars)			
1. Salaries, wages and supplementary labour income..	2,565	4,869	5,195	6,111
Deduct: Employer and employee contribution to social ins. and govt. pension funds....	−35	−134	−145	−165
2. Military pay and allowances.....	32	1,068	340	83
3. Net income of agriculture and other unincorporated business.....	901	1,904	2,065	2,308
4. Interest, dividends and net rental income of persons.	564	783	877	937
5. Transfer payments to persons (excluding interest)				
(a) from government.....	250	264	1,123	826
(b) charitable contributions made by corporations.....	6	11	10	10
6. **Personal Income** (1+2+3+4+5).....	**4,283**	**8,765**	**9,465**	**10,110**

Whereas personal income increased by $645 million from 1946 to 1947, direct taxes fell by $10 million, leaving an additional $655 million for spending or saving. In fact, personal expenditure on goods and services rose by $1,024 million, reflecting the increased availability of durables like automobiles and household appliances as well as higher prices. Accordingly, personal saving out of the year's income declined by $369 million between 1946 and 1947.

TABLE 4

DISPOSITION OF PERSONAL INCOME

—	1939	1944	1946	Prelim. 1947
	(Millions of Dollars)			
1. Personal direct taxes(1)				
(a) income taxes.....	61	771	711	694
(b) succession duties.....	28	40	54	61
(c) miscellaneous.....	32	25	31	31
Total direct taxes.....	121	836	796	786
2. Personal expenditure on consumer goods and services—				
(a) goods.....	2,477	4,309	5,518	6,371
(b) services.....	1,407	1,895	2,200	2,395
(c) net expenditure abroad.....	−56	49	−6	−30
Total personal expenditure.....	3,828	6,253	7,712	8,736
3. Personal saving—				
(a) personal saving excluding farm inventories...	274	1,800	998	688
(b) net changes in farm inventories.....	60	−124	−41	−100
Total personal saving.....	334	1,676	957	588
4. **Personal Income** (1+2+3).....	**4,283**	**8,765**	**9,465**	**10,110**

(1) Tax collections excluding $76 million estimated refundable income and excess profits tax in 1944.

During 1939 Canadians saved 8% of the personal incomes at their disposal after payment of direct taxes. In response to the appeal for savings and the shortage of consumer goods, this ratio rose steadily during the war years, being estimated at 21% in 1944. The tendency to save rather than to spend was still above pre-war levels in 1946, but in 1947 the savings ratio returned to approximately 1939 levels.

TABLE 5

PERSONAL SAVING AND SPENDING

—	1939		1944		1946		Preliminary 1947	
	$ millions	%	$ millions	%	$ millions	%	$ millions	%
Personal consumer expenditure.....	3,828	92	6,253	79	7,712	89	8,736	94
Personal Saving.....	**334**	**8**	**1,676**	**21**	**957**	**11**	**588**	**6**
Personal disposable income(1).....	4,162	100	7,929	100	8,669	100	9,324	100

(1) Personal income less personal direct taxes (See Table 4).

Per capita income at the disposal of individual Canadians, obtained by subtracting from total personal incomes the direct taxes paid by individuals and dividing the remainder by the total Canadian population, was $369 in 1939, $662 in 1944, $704 in 1946 and $741 in 1947.

TABLE 6

PERSONAL DISPOSABLE INCOME PER CAPITA

—	1939	1944	1946	Preliminary 1947
Population.....(thousands)	11,267	11,975	12,307	12,582
Personal Income.....per capita	$ 380	732	769	804
Deduct Personal Direct Taxes.....per capita	$ 11	70	65	63
Personal Disposable Income.....per capita	**$ 369**	**662**	**704**	**741**

ANALYSIS OF CORPORATION PROFITS

Corporation profits, both before and after tax, were at record levels during 1947. Dividends paid out did not keep pace with the increase in profits after tax, so that undistributed profits set aside during the year rose from $411 million in 1946 to $609 million in 1947, or by nearly 50%.

TABLE 7

CORPORATION PROFITS

——	1939	1944	1946	Prelim. 1947
		(Millions of Dollars)		
Corporate profits before taxes (1)	598	1,221	1,421	1,821
Deduct corporate taxes (2)	−112	−603	−670	−804
Corporate profits after taxes	486	618	751	1,017
Deduct dividends paid out (3)	−287	−284	−340	−408
Undistributed corporate profits (4)	199	334	411	609

(1) Includes depletion charges and is adjusted for corporate losses, renegotiation of war contracts and conversion to a calendar year basis.

(2) Taxes paid or payable in respect of the calendar year's income, excluding the refundable portion of the excess profit tax. (See Table 10).

(3) Includes charitable contributions made by corporations. (See Table 3, Item 5 (b)).

(4) (See Table 11).

THE PATTERN OF INVESTMENT

Investment in plant, equipment, inventories and housing absorbed 21% of the gross national product during 1947 as against 15% in 1946 and 16% in 1939.

TABLE 8

GROSS HOME INVESTMENT

——	1939	1944	1946	Prelim. 1947
		(Millions of Dollars)		
Plant, Equipment, and Housing—Total (1)	554	756	1,321	2,042
New Residential Construction (2)	145	157	338	466
Other New Construction	126	189	349	556
New Machinery and Equipment	283	410	634	1,020
Inventories—Total	329	−83	387	780
Grain in Commercial Channels (3)	127	−14	−46	22
Farm Grain and Livestock (3)	60	−124	−41	−100
All Other Inventories (4)	142	55	474	858
Gross Home Investment (5)	**883**	**673**	**1,708**	**2,822**
Percentage of Gross National Product	**16%**	**6%**	**15%**	**21%**

(1) Includes private businesses and institutions, and publicly owned public utilities.

(2) Excludes construction by Wartime Housing Limited which is included with Government expenditure on goods and services (Table 2).

(3) Value of physical change.

(4) Change in value. Includes privately financed industrial and trade inventories.

(5) See Table 2, Item 3.

[Mr. Abbott.]

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

In the table on the next two pages (No. 10) an attempt is made to bring together in one statement and under uniform headings the transactions of all governments in Canada on a *calendar year basis.* (See explanatory note below table).

Using the statistical methods appropriate to the calculation of the National Income and Expenditure (which differ somewhat from the accounting methods used by governments) it is estimated that during the *calendar year* 1947 federal, provincial and municipal governments took in as revenue $4,058 million and spent $3,141 million, leaving an overall surplus of $917 million of which $774 million was attributable to the federal government and $143 million to the provincial and municipal governments. The year before the federal government showed a deficit of $228 million and provincial and municipal governments a surplus of $101 million.

Expenditures by governments may be divided into two main categories: expenditures for the purchase of goods and services, and so-called transfer payments, i.e., family allowances, old age pensions, the greater part of the interest on the public debt, veterans' benefits, etc., which do not arise from current production of goods and services. The first category represents the demands which governments place on the annual output of the nation. Transfer payments, on the other hand, simply add to the sums available for spending or saving by the recipients.

During the *calendar year* 1944, at the peak of Canada's war effort, the federal government absorbed 38% of that year's production of goods and services and provincial and municipal governments an additional 5%. By 1946 federal expenditures on goods and services had fallen to 9% of the gross national product, while similar provincial and municipal expenditures had risen to 6%. During the *calendar year* 1947 provincial and municipal expenditures continued to rise and federal government expenditures to fall, so that now, as in pre-war years, provincial and municipal governments together absorb a larger share of current output than the federal government.

TABLE 9

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES AS PERCENTAGE OF GROSS NATIONAL EXPENDITURE(1)

——	1939		1944		1946		Prelim. 1947	
	$ Millions	%	$ Millions	%	$ Millions	%	$ Millions	%
Gross national expenditure at market prices	5,581	100	11,820	100	11,613	100	13,165	100
Federal government expenditure on goods and services	225	4	4,547	38	1,094	9	616	5
Provincial and municipal expenditure on goods and services	524	9	540	5	735	6	876	7

(1) See Table 10.

TABLE 10

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS[1]

—	1939	1944	1946	Prelim. 1947
	(Millions of Dollars)			
Government Revenue				
Direct Taxes—Persons	121	836	796	786
Income and Excess Profits—				
Federal	46	771	711	694
Provincial and Municipal	15	.....	.....	.....
Succession Duties—				
Federal	.....	16	20	30
Provincial	28	24	34	31
Miscellaneous—				
Federal	3	6	6	5
Provincial and Municipal	29	19	25	26
Direct Taxes—Corporations	123	630	699	839
Income and Excess Profits—				
Federal	98	599	668	711
Provincial	14	4	2	93
Withholding taxes—federal	11	27	29	35
Indirect Taxes	709	1,380	1,502	1,745
Federal	310	922	957	1,136
Provincial and Municipal	399	458	545	609
Investment Income	78	306	356	315
Federal	−11	159	154	113
Provincial and Municipal	89	147	202	202
Employer and Employee Contributions to Social Security and Pension Funds	35	134	145	165
Federal	6	77	80	95
Provincial and Municipal	29	57	65	70
Transfers from Other Governments—				
Provincial and Municipal	83	159	164	208
Total Revenue	1,149	3,445	3,662	4,058
Federal	463	2,577	2,625	2,819
Provincial and Municipal	686	868	1,037	1,239
Deficit (or surplus−)	**54**	**2,610**	**127**	**−917**
Federal	2	2,760	228	−774
Provincial and Municipal	52	−150	−101	−143
Total Revenue plus Deficit (or minus Surplus)	**1,203**	**6,055**	**3,789**	**3,141**
Federal	465	5,337	2,853	2,045
Provincial and Municipal	738	718	936	1,096

[1] This table is designed to include only those transactions which have relevance for the national accounts, and consequently the surpluses or deficits shown here do not agree with those shown in the various public accounts. It has been necessary to adjust the conventional accounting statements of fiscal year revenue and expenditure to exclude purely bookkeeping transactions as well as the purchase and sale of capital assets. Extra-budgetary funds such as unemployment insurance, workmen's compensation and

TABLE 10—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1939	1944	1946	Prelim. 1947
	(Millions of Dollars)			
Government Expenditure—				
Goods and Services	749	5,087	1,829	1,492
Federal—excluding mutual aid, UNRRA and military relief	225	3,587	997	578
—mutual aid, UNRRA and military relief	.....	960	97	38
Provincial and Municipal	524	540	735	876
Transfer Payments	388	552	1,555	1,267
Federal	175	380	1,359	1,052
Provincial and Municipal	213	172	196	215
Subsidies	−17	257	241	174
Federal	−18	251	236	169
Provincial	1	6	5	5
Transfers to Other Governments—				
Federal	83	159	164	208
Total Expenditure	**1,203**	**6,055**	**3,789**	**3,141**
Federal	465	5,337	2,853	2,045
Provincial and Municipal	738	718	936	1,096

pension funds have been added, and surpluses or deficits of Government enterprises are likewise included. In the federal accounts some of the more substantial adjustments are as follows: addition of national defence recoverable expenditure, allocation of war refunds to prior years, adjustment of corporate taxes to an accrual basis, elimination of sales of war assets to business, and elimination of British Commonwealth Air Training Plan write-off from expenditure. In addition the federal figures have been adjusted to a calendar year basis by using the monthly figures published by the Comptroller of the Treasury. Government loans to foreign countries or accumulation of gold or foreign exchange are not included with government expenditure.

GOVERNMENT SURPLUS OR DEFICIT IN RELATION TO SAVING AND INVESTMENT

The following tables are designed to illustrate how investment expenditures during the four years 1939, 1944, 1946 and 1947 were financed and the changing position of governments in the balance between saving and investment. Whereas in 1946 federal, provincial and municipal governments together spent more than they received (see also table 10), thus adding to the total demand upon the national output, in 1947 revenues of all governments exceeded expenditures by $917 million, thus supplementing the savings of individuals (which fell sharply in 1947) and businesses and offsetting to some degree the inflationary pressures in the economy.

TABLE 11

SOURCES OF PRIVATE SAVING

—	1939	1944	1946	Preliminary 1947
	(Millions of Dollars)			
Personal saving	334	1,676	957	588
Undistributed corporation profits	199	334	411	609
Undistributed Wheat Board profits	.....	−19	37	67
Inventory revaluation adjustment(1)	−56	−2	−8	−18
Depreciation allowances	582	881	839	906
Residual error of estimate(2)	−1	+220	−37	−132
Total	1,058	3,090	2,199	2,020

(1) The adjustment has been made only to grain held in commercial channels.
(2) See Tables 1 and 2.

TABLE 12

DISPOSITION OF PRIVATE SAVING

—	1939	1944	1946	Preliminary 1947
	(Millions of Dollars)			
Gross Home Investment	883	673	1,708	2,822
Net increase in foreign assets (including foreign exchange) adjusted(1)	121	27	326	−18
Government deficit (+) or surplus (−) (2)	**54**	**2,610**	**127**	**−917**
Residual error of estimate(3)	.....	−220	†38	†133
Total	1,058	3,090	2,199	2,020

(1) See Table 13.
(2) See Table 10.
(3) See Tables 1 and 2.

CANADA'S BALANCE OF INTERNATIONAL PAYMENTS

This table and the one that follows are designed to display the principal features of Canada's international balance of payments on current account and the related changes in the capital items.

Adding together on the one side the value of exports and other current receipts from abroad and on the other side the value of imports and other current payments to the outside world, Canada's international accounts showed a small surplus during the year 1947, a deficit on current account vis-a-vis the United States of some $1,138 million being balanced by a surplus vis-a-vis the rest of the world of a somewhat larger amount. The year before—1946—there was a surplus on current account of $357 million. The reduction in the current balance is accounted for principally by a very large increase in the value of imports from the United States.

TABLE 13

CANADA'S NET BALANCE OF INTERNATIONAL PAYMENTS ON CURRENT ACCOUNT

—	1939	1944	1946	Preliminary 1947
	(Millions of Dollars)			
Net Balance—				
Merchandise	377	2,032	667	287
U.S.A. excluding non-monetary gold	−128	331	−430	−892
non-monetary gold	184	110	96	99
U.K. and other Empire[1]	259	1,774	628	774
Other Countries	62	87	373	306
Interest and Dividends	−249	−193	−248	−273
U.S.A.	−193	−161	−209	−238
U.K. and other Empire	− 75	− 47	− 46	− 40
Other Countries	19	15	7	5
Tourist Trade	68	61	86	78
U.S.A.	70	61	86	83
U.K. and other Empire	− 4	.....	.....	− 4
Other Countries	2	.....	.....	− 1
Freight and Shipping	− 17	70	92	46
U.S.A.	− 15	− 73	− 68	−115
U.K. and other Empire	4	136	103	112
Other Countries	− 6	7	57	49
All other transactions	− 53	−1,222	−143	− 53
U.S.A.	− 34	−237	− 88	− 75
U.K. and other Empire	− 8	−984	− 16	30
Other Countries	− 11	− 1	− 39	− 8
Total current balance (unadjusted)	126	1,018	454	85
U.S.A.	−116	31	−613	−1,138
U.K. and other Empire	176	879	669	872
Other Countries	66	108	398	351
Less Mutual Aid, U.N.R.R.A. etc	.....	−960	− 97	− 38
Total increase (1) in foreign assets (including foreign exchange)	**126**	**58**	**357**	**47**
Adjustment for national accounts	5	− 31	− 31	−65
Adjusted total (2)	121	27	326	−18

(1) Other sterling area countries are included with U.K. and other Empire for 1944, 1946 and 1947.
(2) See Tables 2 and 12.

During 1947 the Canadian Government financed the purchase by overseas countries of goods and services in Canada to a value of $563 million (apart from official contributions such as UNRRA) while other capital transactions resulted in additional net lending abroad of some $228 million. Since there was only a small current account surplus (see table 13) out of which to finance this lending, reserves of gold and U.S. dollars required to be drawn down to the extent of $743 million.

TABLE 14

SUMMARY OF CANADA'S NET BALANCE OF INTERNATIONAL PAYMENTS ON CURRENT ACCOUNT AND RELATED CHANGES ON CAPITAL ACCOUNT

—	1939	1944	1946	Preliminary 1947
UNITED STATES AND OTHER NON-EMPIRE COUNTRIES	(MILLIONS OF DOLLARS)			
Net balance on current account—				
U.S.A.	−116	+ 31	−613	−1,138
Other	+ 66	+108	+398	+ 351
Total (including Mutual Aid, UNRRA and Military Relief)	− 50	+139	−215	− 787
Related Changes on Capital Account—				
Net New Issues (+) or Retirements (−) of Canadian Securities	+ 24	− 74	−238	−231
Net Sales (+) or Purchases (−) of Outstanding Securities.	+ 87	+225	+274	+ 4
Export Credits and Interim Advances	.....	.....	−210	−140
Other Net Capital Movements	−164	+ 77	+ 77	− 54
Mutual Aid, UNRRA, Military Relief	−	−126	− 92	− 38
Special Receipts of Convertible Exchange from Sterling Area	+ 2	+ 55	+150	+505
Decrease (+) or Increase (−) in Canadian holdings of gold and U.S. Dollars	(1)	−278	+251	+743
Balancing Item(2)	+101	− 18	+ 3	− 2
Total	+ 50	−139	+215	+787

(1) Included with "other net capital movements".
(2) Includes multilateral settlements (in 1939) and errors and omissions in all years.

—	1939	1944	1946	Preliminary 1947
UNITED KINGDOM AND EMPIRE COUNTRIES	(MILLIONS OF DOLLARS)			
Net balance on current account—				
United Kingdom	+137	+746	+500	+632
Other Empire Countries(1)	+ 39	+133	+169	+240
Total (including Mutual Aid)	+176	+879	+669	+872
Related Changes on Capital Account—				
Net New Issues (+) or Retirements (−) of Canadian Securities	−120	− 34	− 77	− 41
Net Sales (+) or Purchases (−) of Outstanding Securities.	− 5	− 27	− 54	− 9
Loans and Interim Advances	.....	.....	−652	−423
Repayments on 1942 U.K. Loan	.....	+ 57	+89	+104
Other Net Capital Movements	+ 42	+ 2	+164	.....
Mutual Aid	.....	−834	− 5	.....
Special Receipts of Convertible Exchange	− 2	− 55	−150	−505
Decrease (+) or Increase (−) in Canadian holdings of £ Sterling	.....	+ 4	+ 15	− 1
Balancing Item(2)	− 91	+ 8	+ 1	+ 3
Total	−176	−879	−669	−872

(1) Other Sterling Area countries are included with Other Empire countries for 1944, 1946 and 1947.
(2) Includes multilateral settlements (in 1939), and errors and omissions in all years.

FOREIGN EXCHANGE RESERVES

Canada's holdings of gold and United States dollars at the outbreak of war and at the end of each subsequent calendar year were as follows:

TABLE 15

HOLDINGS OF GOLD AND U.S. DOLLARS

—	F.E.C.B. and Bank of Canada	Dominion Government	Private(1)	Total
	(Millions of Dollars)			
Sept. 15, 1939	238·7	22·4	132·0	393·1
Dec. 31, 1939	272·8	33·4	98·0	404·2
Dec. 31, 1940	309·3	20·8	2·0	332·1
Dec. 31, 1941	164·1	23·5	.....	187·6
Dec. 31, 1942	242·9	75·6	.....	318·5
Dec. 31, 1943	573·2	76·4	.....	649·6
Dec. 31, 1944	800·1	102·1	.....	902·2
Dec. 31, 1945	1,275·9	232·1	.....	1,508·0
Dec. 31, 1946	1,222·3	22·6	.....	1,244·9
Dec. 31, 1947	458·4	43·3	.....	501·7

(1) Exclusive of working balances.

EMPLOYMENT

Since 1939, the Canadian labour force has grown rapidly as a result of natural increase, immigration and the high wartime demand for labour, the effects of which are still perceptible. During 1947, employment continued at high levels, dropping slightly in February, 1948 because of seasonal influences. Unemployment has recently remained at the low level of approximately three per cent of the total labour force.

TABLE 16

ESTIMATED CANADIAN LABOUR FORCE AND EMPLOYMENT

—	June 1, 1939	June 1, 1944	June 1, 1946	May 31, 1947	Nov. 8, 1947	Feb. 21, 1948
	(Thousands of Persons)					
Total Population 14 years and over	8,294	8,885	9,093	9,225	9,298	9,343
Total Labour Force, including Armed Forces	4,668	5,304	5,036	5,040	5,062	4,943
Armed Forces	10	779	122	35	33	34
Civilian Labour Force	4,658	4,525	4,911	4,995	5,017	4,908
Employed	3,763	4,443	4,785	4,904	4,930	4,752
Nonagricultural	2,483	3,257	3,511	3,741	3,862	3,787
Agricultural	1,280	1,186	1,274	1,163	1,068	965
Unemployed	895	82	126	91	87	156
Persons Not in the Labour Force	3,626	3,581	4,060	4,195	4,248	4,401

Note: The estimates for June 1, 1946, and later do not in all cases agree with the estimates shown in the labour force bulletins of the Dominion Bureau of Statistics. To take into account the fact that the labour force surveys do not cover approximately 100,000 persons living in institutions the number of persons not in the labour force has been increased correspondingly. Similarly, to take account of the omission of Indians living on reservations and persons in inaccessible areas, the nonagricultural employed and persons not in the labour force have both been increased by 83,000.

PHYSICAL VOLUME OF INDUSTRIAL AND AGRICULTURAL PRODUCTION

The following tables are designed to give an approximate idea of the physical volume of industrial and agricultural production. They show an increase during 1947 in the volume of all types of industrial production and some decline in agricultural output partly attributable to less favourable weather conditions.

TABLE 17

INDEX OF PHYSICAL VOLUME OF INDUSTRIAL PRODUCTION, 1939-1947

SEASONALLY ADJUSTED, 1935-9=100

—	Total	Mining	Manufacturing	Non-Durable Manufactures	Durable Manufactures	Electric Power
1939	109	118	108	108	108	108
1940	130	127	132	121	152	115
1941	157	135	164	140	205	128
1942	185	130	200	154	276	142
1943	199	118	217	167	302	155
1944	199	106	220	173	299	155
1945	176	102	192	170	229	154
1946	159	103	169	163	179	159
1947	176	113	187	174	208	172
1947, by months—						
January	174	110	185	174	203	171
February	176	107	189	175	212	173
March	177	113	189	177	209	174
April	178	115	189	179	206	175
May	175	112	185	175	203	180
June	176	115	187	174	209	181
July	171	111	181	168	202	184
August	168	109	178	169	194	174
September	175	110	187	173	210	171
October	179	116	191	176	218	169
November	178	115	191	176	217	156
December	179	119	191	175	218	161
1948, by months—						
January	178	118	189	176	212	166
February	182	123	194	182	216	162

TABLE 18

AGRICULTURAL PRODUCTION

—	1939	1944	1946	1947
	(MILLIONS)			
Wheat (bush.)	521	417	414	341
Oats (bush.)	384	500	371	279
Barley (bush.)	103	195	149	141
Rye, flax seed, mixed grain (bush.)	62	76	68	60
Shelled corn, buckwheat, peas and beans, dry (bush.)	18	20	20	15
Potatoes and turnips (tons)	4	4	4	3
Hay and clover, alfalfa, fodder corn, grain hay (tons)	22	25	23	24
Tobacco (lbs.)	108	105	141	116
Milk production (lbs.)	15,781	17,624	16,956	17,214
Meat production (lbs.)	1,490	2,729	2,350	2,220

Measuring changes as from the base period 1935-39, the Canadian cost of living index is still 16 points below the United States index at the latest date for which figures are available, although during 1947 and the first quarter of 1948 the Canadian index rose more rapidly than the U.S. index. Most of the difference is attributable to a smaller rise in food and clothing costs in Canada since the base period, even though these two items account for most of the recent rise in the Canadian index.

TABLE 19

INDEX NUMBERS OF THE COST-OF-LIVING

1935-39=100

—	All Items			Foods			Clothing			Rents		
	Canada	U.S.A.	U.K.	Canada	U.S.A.	U.K.	Canada	U.S.A.	U.K.	Canada	U.S.A.	U.K.
MONTHLY AVERAGES—												
1939	102	99	104	101	95	104	101	101	107	104	104	102
1940	106	100	121	106	97	121	109	102	143	106	105	103
1941	112	105	131	116	106	124	116	106	185	109	106	103
1942	117	117	132	127	124	119	120	124	200	111	109	103
1943	118	124	131	131	138	123	121	130	176	112	108	103
1944	119	126	132	131	136	124	122	139	173	112	108	103
1945	120	128	134	133	139	126	122	146	174	112	108	104
1946	124	139	134	140	160	125	126	160	173	113	109	105
1947	136	159	.....	160	194	.....	144	186	.....	117	111	.....
1947—January	127	153	134	146	184	124	132	179	174	113	109	106
February	128	153	134	147	182	124	132	182	171	113	109	106
March	129	156	134	149	190	125	133	184	170	113	109	106
April	131	156	134	152	188	124	137	185	171	113	109	106
May	133	156	134	155	188	120	140	185	171	115	109	109
June	135	157	134	158	191	119	142	186	173	118	109	110
July	136	158	101(1)	160	193	101(1)	143	185	102(1)	118	110	100(1)
August	137	160	100	161	197	99	146	186	102	118	111	100
September	139	164	101	165	204	100	152	188	101	118	114	100
October	142	164	101	171	202	101	154	189	102	120	115	100
November	144	165	103	174	203	103	157	190	102	120	115	100
December	146	167	104	179	207	103	159	191	102	120	115	110
1948—January	148	169	104	182	210	104	161	192	103	120	116	100
February	150	168	106	186	205	108	165	195	104	120	116	100
March	151	167	.....	186	202	.....	170	196	.....	120	116	.....
April	152	.....	.....	187	.....	.....	173	.....	.....	120	.....	.....

(1) New Interim Index, based on June 17, 1947=100.

MONEY SUPPLY AND RELATED BANK ASSETS

The following tables are based on a new series prepared by the Bank of Canada. An explanation of the method of calculations is given in the Bank's annual report for 1947, pages 31 to 35.

It will be noted that the money supply, after rising steadily throughout the war years, levelled off during 1947.

TABLE 20

MONEY SUPPLY AND RELATED BANK ASSETS

Money Supply	December 31,				March 31,
	1939	1944	1946	1947	1948
	(Millions of Dollars)				
Currency Outside Banks—					
Notes[1]	247	930	1,031	1,046	1,032
Coin[2]	34	60	65	66	66
Total Currency	281	990	1,096	1,112	1,098
Bank Deposits—					
Chartered Banks					
Demand[3]	853	1,862	2,291	2,296	2,201
Active Notice [4]	197	363	614	597	629
Other (excl. Dominion Govt.)[5]	157	153	229	233	263
Total	1,207	2,378	3,134	3,126	3,093
Deduct Float[6]	*—136*	*—243*	*—328*	*—362*	*—345*
Net Total	1,071	2,135	2,806	2,764	2,748
Bank of Canada "Other" Deposits[7]	18	28	94	68	87
Total Bank Deposits	1,089	2,163	2,900	2,832	2,835
Money Supply	**1,370**	**3,153**	**3,996**	**3,944**	**3,933**

(1) Note circulation of Bank of Canada and chartered banks, excluding notes held by chartered banks.

(2) Subsidiary coin issued by the Mint less coin held by Bank of Canada and chartered banks in Canada.

(3) Chartered banks' public demand deposits in Canada.

(4) Chartered banks' public notice deposits in Canada other than estimated aggregate quarterly minimum balances in personal savings accounts and non-personal notice deposits.

(5) Chartered banks' Canadian dollar deposits of provincial governments, Canadian, United Kingdom, and foreign banks.

(6) Cheques on banks as shown in chartered bank month-end returns to the Minister of Finance.

(7) Bank of Canada Other Deposits as shown on published month-end statements—i.e. excluding Dominion Government, chartered banks and foreign deposits.

TABLE 20—Con.

MONEY SUPPLY AND RELATED BANK ASSETS

Related Bank of Canada and Chartered Bank Assets	December 31,				March 31,
	1939	1944	1946	1947	1948
	(Millions of Dollars)				
Dominion Government Securities, Gold & Exchange—					
Bank of Canada, Gold & Exchange [8]	290	.....	.....	.....	.....
Banking Securities[9]	425	2,321	1,476	811	1,068
Other Dominion Government Securities—					
Bonds[10]	752	2,006	3,745	3,718	3,512
Victory Loan Advances [11]	.....	271	.....	.....	.....
Total	752	2,277	3,745	3,718	3,512
Total Dom. Govt. Securities, Gold & Exch.	1,467	4,598	5,221	4,529	4,580
Deduct Dom. Govt. Deposits[12]	*−145*	*−720*	*−366*	*−272*	*−111*
Net Total	1,322	3,878	4,855	4,257	4,469
All other Loans and Investments[13]	1,767	1,593	2,297	3,084	3,000
Deduct Inactive Notice Deposits[14]	*−1,544*	*−2,060*	*−2,856*	*−3,143*	*−3,298*
Total Related Bank Assets	**1,545**	**3,411**	**4,296**	**4,198**	**4,171**

[8] Bank of Canada gold and foreign exchange holdings less the amount of foreign currency deposit liabilities.

[9] Bank of Canada and chartered bank holdings of Dominion Government Treasury Bills, Deposit Certificates, Treasury Notes and any other short term issues sold direct to bank of Canada and chartered banks.

[10] Bank of Canada and chartered bank holdings of Dominion Government direct and guaranteed securities other than those shown as banking issues and exclusive of any temporary advances in connection with purchase of Victory Loan issues.

[11] Chartered banks' temporary advances to the public in connection with the purchase of Victory Loan bonds at time of issue.

[12] Canadian dollar deposits of the Dominion Government at chartered banks and Bank of Canada.

[13] All loans in Canada of the chartered banks other than temporary advances in connection with Victory Loan issues, plus chartered banks' holdings of provincial, municipal and "other" securities, and Bank of Canada holdings of Industrial Development Bank capital stock.

[14] Estimated aggregate minimum quarterly balances in chartered banks' personal savings deposits in Canada plus non-personal notice deposits in Canada.

PART II

REVIEW OF GOVERNMENT ACCOUNTS, 1947-48

SUMMARY OF REVENUES AND EXPENDITURES 1947-48

1. It is estimated that total taxation revenue for the fiscal year 1947-48 will be $2,542,031,000, a decrease of only $5,830,000 from the previous year. Taking into account non-tax revenues and special receipts and credits (which were substantially lower than in the two previous fiscal years), total revenues were $2,869,409,000, approximately 5% lower than the previous fiscal year.

2. Expenditures, on the other hand, declined by $434,776,000. Ordinary expenditures show an increase of $146,310,000, but this was more than offset by a further substantial drop in expenditures attributable to the war and its aftermath.

3. The net result was a budgetary surplus, or decrease in net debt, of $669,958,000.

SUMMARY OF REVENUES AND EXPENDITURES[1]

(Thousands of Dollars)

—	1943-44	1944-45	1945-46	1946-47	Estimated[2] 1947-48
	$	$	$	$	$
Ordinary revenues	2,570,094	2,300,097	2,363,162	2,588,531	2,630,219
Capital refunds	93	728	376	110	62
Special receipts and other credits	194,831	386,509	649,647	419,235	239,128
Total revenues	2,765,018	2,687,334	3,013,185	3,007,876	2,869,409
Ordinary expenditures	630,381	767,376	1,061,902	1,236,235	1,382,545
Capital expenditures	2,622	3,164	4,508	11,200	16,461
War and Demobilization expenditures	4,587,023	4,418,446	4,002,949	1,314,798	634,668
Special expenditures	37,496	7,506	17,358	31,926	63,540
Government Owned Enterprises	1,307	1,358	1,334	10,682	18,697
Other charges	63,425	47,762	48,177	29,386	83,540
Total expenditures	5,322,254	5,245,612	5,136,228	2,634,227	2,199,451
Surplus (+) or Deficit (−)	−2,557,236	−2,558,278	−2,123,043	+ 373,649	+ 669,958

[1] For the usual detailed tables comparing revenues and expenditures as estimated for the fiscal year 1947-48 with actual revenues and expenditures for the preceding four fiscal years, see pages

[2] The Government's fiscal year ends on March 31 but the books remain open for some time thereafter in order to record expenditures made to April 30 (as provided for by section 32 of the Consolidated Revenue and Audit Act) and to provide for adjusting entries. Final figures for the fiscal year ending March 31, 1948, are not yet available, and the figures relating thereto appearing in this Part must be regarded as preliminary.

ANALYSIS OF REVENUES, 1947-48

4. Although the final figures are not yet available, it is estimated that grand total revenues for the fiscal year 1947-48 will reach $2,869,409,000. This indicates a decline of $138,467,000 from the previous year. The overall revenue total in recent years has included varying but substantial amounts of special receipts and credits arising out of bookkeeping adjustments of war and other expenditures and reflecting also the sale of war assets. These special receipts and credits, which are largely non-recurring, showed a sharp decline in 1947-48, which more than accounted for the decline in grand total revenues. Ordinary revenues, which reflect more accurately the Government's cash revenue, amounted to $2,630,219,000, an increase of $11,488,000 over the previous year.

[Mr. Abbott.]

ANALYSIS OF REVENUES

(Thousands of dollars)

—	1947–48	Percent.	Change from 1946–47
DIRECT TAXES—			
Individual Income Tax	659,828	23·00	− 34,702
Corporation Income Tax	364,131	12·69	+125,339
Excess Profits Tax	227,030	7·91	−221,668
Other Direct Taxes	66,717	2·32	+ 13,005
Total Direct Taxes	1,317,706	45·92	−118,026
INDIRECT TAXES—			
Customs Duties	293,012	10·21	+ 55,657
Excise Duties	196,794	6·86	+ 750
Excise Taxes	640,758	22·33	+ 61,734
Other Indirect Taxes	3,761	0·13	− 5,945
Total Indirect Taxes	1,134,325	39·53	+112,196
NON-TAX REVENUES—			
Post Office	77,758	2·71	+ 4,780
Return on Investments	75,800	2·64	+ 6,361
Other Non-Tax Revenues	24,630	0·86	+ 6,177
Total Non-Tax Revenues	178,188	6·21	+ 17,318
SPECIAL RECEIPTS AND CREDITS	239,190	8·34	−180,155
TOTAL REVENUE	2,869,409	100·00	−168,667
Less estimated amount of refundable Income and Excess Profits Taxes	.....	.....	+ 30,200
NET TOTAL REVENUE	2,869,409	100·00	−138,467

5. Of grand total revenues, 46% was derived from direct taxes on incomes of individuals and corporations and from succession duties, 39·6% was obtained from indirect taxes and the remaining 14·4% was from non-tax revenues and special receipts and credits.

6. A remarkable feature of the 1947-48 fiscal year was the great buoyancy of tax revenues, in pace with the rapidly expanding national income. Despite substantial tax cuts in personal income tax in 1947 and the fact that earlier reductions in corporation and excess profits tax became fully effective on revenues during the year, the total yield from taxes declined by only $5,830,000.

7. No further reserve was set up during the year for the refundable portion of excess profits tax or individual income tax. In accordance with statutory provisions calling for repayment of the refundable portion of tax collected in respect of 1942 before March 31, 1948, payments amounting to $84,210,000 were made during the year, including small amounts in respect of other taxation years. The amount of the reserve for refundable excess profits tax and personal income tax held at present, classified by the tax years to which it relates, is shown in the table below:

Taxation Year	Refundable Personal Income Tax	Refundable Excess Profits Tax
	$	$
1943	150,000,000	67,700,000
1944	80,000,000	73,000,000
1945	.....	71,000,000
1946[1]	.....	17,300,000
Gross Total	230,000,000	229,000,000

[1] Corporation fiscal years ending in 1946.

ORDINARY REVENUES

8. The personal income tax which yielded $659,828,000 retained its position as the largest single source of revenue. The substantial tax reductions which became effective on January 1 and July 1, 1947, resulted in a revenue lower by $34,702,000 than that of the previous year. This was a reduction of only 5%, a very small decline in relation to the extensive reduction in rates. The continuing high revenue from this source reflects the increased incomes and the high level of employment throughout the year.

9. Corporation income tax and excess profits tax, both levied on business profits, yielded a total of $591,161,000, a decline of $96,329,000 from the previous year's total. The corporation income tax yield of $364,131,000 was $125,339,000 more than in the previous year and indicates the result of the increase from 18% to 30% in the corporation income tax which became effective on January 1, 1946, as well as the high level of business profits in 1947. The excess profits tax yield of $227,030,000 was $221,668,000 less than in the previous year, showing the effects of the change made in the tax on January 1, 1946, as well as the reduction in the rates of tax.

10. Revenues under the headings "Taxes on Dividends and Interest" and "TAXES ON RENTS AND ROYALTIES" are derived from special taxes, largely on income going to non-residents of Canada, levied under authority of section 9B of the Income War Tax Act. In 1947-48 revenue under this heading amounted to $35,889,000, an increase of $5,753,000 over the previous year. This increase reflects higher dividend payments during the year and the extension of the 5% tax to dividends from wholly-owned subsidiaries going abroad to parent companies, which became effective on April 30, 1947.

11. Succession duties, yielding $30,828,000, showed a marked increase of $7,252,000 over the previous year. Although there has been an increase in revenue from this source every year since succession duties were first levied in 1941, the sharp increase in 1947-48 was largely due to the fact that seven provinces have rented this field of taxation to the Dominion and consequently there were no provincial duties in these provinces to be deducted from the higher Dominion rates which have prevailed since January 1, 1947.

12. Net revenues from customs import duties reached the all-time high of $293,012,000, exceeding the receipts of the previous year by $55,657,000. This very high revenue reflects the heavy import trade resulting from the extensive capital investment program, the high level of consumer purchasing power, and the widespread demand for goods, factors which were so much in evidence during the year under review and which contributed so largely to the serious depletion of the country's supply of United States dollars.

13. Excise duties, which are levied exclusively on alcoholic beverages and tobacco products, brought in a total revenue of $196,794,000, an increase of $750,000 over the previous year. The revenue from alcoholic beverages declined slightly and that from tobacco products increased moderately, by $953,000. As in previous years, the smokers' contribution to the federal treasury was considerable, with the overall revenue from tobacco products (including the yield of the additional taxes imposed under the Excise Act on tobacco, cigarettes, cigarette papers and tubes), amounting to $177,141,000. This is 7·2% of the total revenue from taxes.

14. Under the heading "Excise Taxes" are included a wide variety of taxes levied on commodities and services under the Excise Tax Act. The most important of these taxes from the point of view of revenue is the sales tax which yielded a gross revenue of $383,012,000 during 1947-48, an increase of $54,939,000 over the previous year. This increase of 16·7% reflects the increased supply of

commodities available for consumption during the year and the generally higher price level. Since November 17, 1947, this tax has not applied to electricity and gas used in dwellings.

15. The second largest revenue source among the excise taxes is the tax on tobacco products which yielded $68,606,000. Although this amount is $7,712,000 less than that for the previous year, this decline in revenue is almost entirely due to a variation in the procedure for remitting the tax which resulted in revenue being included in March 1947 which would normally have been reported in April, thus increasing the revenue for 1946-47 at the expense of 1947-48.

16. The revenue from several excise taxes showed marked increases during the year. With increased production due to more abundant supplies of sugar, the revenue from soft drinks increased 27·5% and that from candy and chewing gum increased by 37·7%. The revenue from the tax on automobiles and tires and tubes almost doubled in 1947-48 due to the greater production of automobiles during the year and to the increase in the tax which became effective on November 18, 1947. The tax program announced on that date also resulted in increased revenue from phonographs, radios and tubes, and from electrical and gas appliances. Among those items which yielded reduced amounts were cigarette papers and tubes, toilet preparations and soap, and transportation and communications. The tax on sugar which was repealed on November 17, 1947, yielded a smaller revenue than the previous year and a clean-up amount of $2,208,000 is shown for the gasoline tax which was repealed as from April 1, 1947. Refunds of excise taxes declined from $29,845,000 in the previous year to $10,685,000, which represents at more normal level of refunds than that which prevailed during the war and immediate post-war years.

17. Some of the sources which showed an increase in revenue and the amounts of the increase in each case are as follows:

	Increase Increase over 1946-47
Automobiles, rubber tires and tubes	$ 15,609,000
Beverages	5,132,000
Candy and chewing gum	5,002,000
Electric and gas appliances	2,817,000
Phonographs, radios and tubes	2,800,000
Special excise on importations	928,000
Amusements	817,000

18. Some of the sources which showed a decrease in revenue and the amount of the decrease in each case are as follows:

	Decrease from 1946-47
Cigars, cigarettes and tobacco	$ 7,712,000
Cigarette papers and tubes	524,000
Sugar	767,000
Toilet preparations and soaps	376,000
Trunks, bags and luggage	748,000
Transportation and communications	400,000

19. Small amounts of tax revenue are derived from the tax on chartered bank note circulation which decreases from year to year with the decline in circulation of such notes as provided by statute; from the taxes on the net premium income of insurance companies; from a tax on the export of electric energy from Canada, and from a tax on the export of furs from the Northwest Territories. Revenues from all of these taxes for 1947-48 amounted to $3,761,000. This is $5,945,000 less than in the previous year, and the decline is largely

due to the reduction in revenue from the tax on net premium income of insurance companies, resulting from the provision that taxes paid to the provinces on premium income after December 31, 1946 could be deducted from the tax paid to the Dominion. Such taxes are imposed in Ontario and Quebec, but have been withdrawn in the seven other provinces under the Dominion Provincial Agreements.

20. Non-tax revenues for 1947-48 are estimated at $178,188,000, an increase of $17,318,000 over 1946-47. Receipts from the Post Office amounted to $77,758,000, an increase of $4,780,000. These receipts exceeded the cost of operating the Post Office by about $8,000,000, if we take no account on the credit side of the value of services rendered free of charge to other departments, and, on the debit side, of rentals and other costs of premises occupied by the Post Office. Return on Investments realized $75,800,000, an increase over the previous year of about $6,361,000. The larger items making up the total of return on investments are: interest on advances to Canadian National Railways, $18,858,000; Bank of Canada profits, $18,828,000; interest on loans to Foreign Exchange Control Board, $5,101,000; Foreign Exchange Control Board profits, $10,833,000; interest on bonds held in Securities Investment Account, $11,509,000; interest on loans to National Harbours Board, $2,025,000; interest on loans to Provinces, $1,241,000; interest on loans to Canadian Farm Loan Board, $628,000; Soldier Settlement Board, $1,955,000; interest on loans to Foreign Governments, $2,501,000; and interest on advances to Canadian National Railways for purchase of railway equipment, $1,121,000.

SPECIAL RECEIPTS AND CREDITS

21. The estimated total of Special Receipts and Credits for the fiscal year 1947-48 is $239,190,000 as compared with $419,345,000 for the previous year. Of this total $226,924,000 represents receipts arising from war, demobilization and reconversion expenditures and consists of Refunds of Previous Years' War, Demobilization and Reconversion Expenditures, $133,687,000; Sale of Surplus War Assets, $61,200,000; and Miscellaneous War Demobilization and Reconversion Revenues, $32,037,000.

A breakdown of Refunds of Previous Years' War, Demobilization and Reconversion Expenditures, with details of the larger items, follows:

National Defence—	
Refund by United States Treasury in respect of advance payments made during the war years on equipment and supplies, $32,200,000; sundries, $6,500,000	$ 38,700,000
Reconstruction and Supply—	
Refunds on contracts in connection with cost audits and re-negotiation, $58,000,000; return of working capital advances from pre-financed plants, $5,020,000; sundries, $5,200,000	68,220,000
Amounts received by Canada in partial settlement of military relief arrangements with the United States, the United Kingdom, other countries and UNRRA, consisting of $4,500,000 payable to Canada from UNRRA in respect of goods turned over to UNRRA by the Combined Military Authorities, and $3,145,000 representing the proceeds of sale of certain motor vehicles turned over to the Combined Military Authorities but not transferred to recipient countries as military relief but sold in the liquidation of the combined military relief operations	7,645,000
Crown's investment in Wartime Oils Limited, Previous Years' War Expenditure transferred to "Active Assets"	1,250,000

Transfer of a portion of the credit balance in the United Kingdom General Settlement Account. (This account was established in 1945-46 to record transactions arising from the implementation of the terms of the Canada-United Kingdom Financial Settlement Agreement)	5,000,000
Amortization of capital expenditure in connection with War Supplies Ltd. orders	11,000,000
Sundry Departments	1,872,000
	$ 133,687,000

22. The amount of $61,200,000 realized during the year through the disposal of surplus war assets, does not include the residual cash balances or value of accounts receivable carried by War Assets Corporation as at March 31, 1948.

Miscellaneous War, Demobilization and Reconversion Revenues, totalling $32,037,000 includes: The sum of $9,773,000 representing the transfer thereto of special funds set up in previous years to provide for compensation in respect of injuries to employees in defence projects; $8,115,000 of profits including $3,615,000 of customs duty and excise tax drawbacks, in connection with War Supplies Limited Account; $3,640,000 derived from the operation of Park Steamships Limited; $4,700,000 housing rentals from Central Mortgage and Housing Corporation, and $2,500,000 of a credit adjustment arising out of the transfer of this amount to "Active Assets" from accountable advances made to Canadian Arsenals Limited.

BUDGET FORECAST COMPARED WITH ACTUAL REVENUE, 1947-48

23. Actual revenues again exceeded the budget forecast by a substantial sum, reflecting in part at least the continuing rise in national income and expenditure throughout 1947 which it would scarcely have been prudent to anticipate, even if it could have been foreseen, in the preparation of the budget.

DETAILED STATEMENT OF BUDGET FORECAST COMPARED WITH ACTUAL REVENU FOR 1947-48

Source of Revenue	Budget Forecast of Revenue	Actual Revenue	Increase (+) or decrease (—) in revenue as compared with budget forecast
TAX REVENUES	(thousands of dollars)		
Customs Duties	230,000	293,012	+ 63,012
Excise Duties	200,000	196,794	— 3,206
Excise Taxes:			
Sales Tax (net)	325,000	372,327	+ 47,327
Other Excise Taxes	250,000	268,431	+ 18,431
Total Excise Taxes	575,000	640,758	+ 65,758
Income Taxes:			
Tax on personal incomes	515,000	659,828	+144,828
Corporate Income Tax and Excess Profits Tax	460,000	591,161	+131,161
Interest and Dividends	30,000	35,889	+ 5,889
Total Income Taxes	1,005,000	1,286,878	+281,878
Succession Duties	26,000	30,828	+ 4,828
Miscellaneous Taxes	4,000	3,761	— 239
Total Tax Revenue	2,040,000	2,452,031	+412,031
Non Tax Revenues	160,000	178,188	+ 18,188
Total	2,200,000	2,630,219	+430,219
Special Receipts and Credits	90,000	239,190	+149,190
Total Revenue	2,290,000	2,869,409	+579,409

ANALYSIS OF EXPENDITURES

24. According to preliminary calculations, grand total expenditures during the fiscal year 1947-48 were $2,199,451,000, a decline of $434,776,000 from the previous year. Demobilization and reconversion expenditures contracted still further, counterbalanced by some increase in ordinary expenditures and other items.

ANALYSIS OF EXPENDITURES

(Thousands of Dollars)

—	1947–48				Change in Total from 1946–47
	Ordinary Expenditures	Demob. and Reconversion Expenditures	Total	%	
Public Debt charges	466,422	8	466,430	21·21	− 10,386
Subsidies and Payments to Provinces under Tax Agreements	155,891	.....	155,891	7·09	+ 47,128
Family Allowances	263,165	.....	263,165	11·97	+ 18,024
Old Age Pensions and Pensions for Blind Persons	58,090	997	59,087	2·68	+ 13,642
Unemployment Insurance Act[1]	35,124	.....	35,124	1·60	+ 1,198
Veterans Benefits Pensions and aftercare[2]	96,219	230,325	236,544	14·85	−265,186
Agricultural Subsidies and Assistance	.....	33,313	33,313	1·51	− 37,803
Wartime Prices and Trade Board and Subsidies Related to Price Control	.....	57,560	57,560	2·62	− 69,956
National Defence	637	194,553	195,190	8·87	−192,421
Reconstruction and Supply	12,087	63,235	75,322	3·42	− 63,750
Other Ordinary and Demobilization and Reconversion Expenditures	294,910	54,677	349,587	15·89	+ 25,690
TOTAL	1,382,545	634,668	2,017,213	91·71	−533,820
Capital Expenditure			16,461	0·75	+ 5,261
Special Expenditure			63,540	2·89	+ 31,614
Government Owned Enterprises			18,697	0·85	+ 8,015
Other Charges			83,540	3·80	+ 54,154
GRAND TOTAL EXPENDITURES			2,199,451	100·00	−434,776

(1) Administration and Government Contributions.
(2) Includes Veterans Land Act but not additions, alterations and improvements to departmental hospitals.

25. The principal changes in expenditures are summarized in the above table which, for purposes of comparison with the previous year, combined ordinary and demobilization and reconversion expenditures.

26. For the first time in ten years, interest charges on the public debt fell below the previous year, a direct result of the reduction in debt during the year. The decline in interest charges alone was $8,940,000 to which have been added other savings in public debt charges amounting to $1,446,000, to give the total reduction shown above of $10,386,000.

27. The largest single increase during the year—$47,128,000—was in the total of payments to Provinces, including statutory subsidies and payments under the tax agreements. The increase in the tax agreement payments, amounting to $28,117,000, is a result of the payment during 1947-48 of $63,000,000 due under the wartime tax agreements. The remainder is largely attributable to the payment of $8,031,250 to each of the Provinces of Alberta and Saskatchewan arising out of the Natural Resources settlement.

[Mr. Abbott.]

28. Family allowances payments rose by $18,024,000, or about 7%, mainly as a result of the changes in the income tax provisions relating to dependetn children, which became effective as from the beginning of 1947 although there is, of course, a steady rise from month to month due to natural increase. The increase in old age pensions and pensions for blind persons of $13,642,000, which represents more than a 30% increase from the previous year, indicates the effect of the higher rate of pensions and revised income qualifications. Government contributions to unemployment insurance and administrative expenses under the Act showed a moderate increase. During the year the costs of National Selective Service were combined with administration of the Unemployment Insurance Act.

29. A major drop in expenditures relating to veterans accounted for almost one-half of the total reduction in ordinary and demobilization and reconversion expenditures during the fiscal year. Payments of war service gratuities and re-establishment credits, alone, declined from $318,325,000 in 1946-47 to $84,135,000 in 1947-48. There was also a drop of nearly 50% in the costs of treatment. Pension costs relating to veterans of World Wars I and II, on the other hand, continued to increase.

30. The further withdrawal from wartime controls is reflected in the substantial reductions in expenditures under the headings of agricultural subsidies, price control and subsidies directly related to price control. As shown in the above table, agricultural subsidies and assistance declined by $37,803,000 from the previous year and the costs of price control administration and related subsidies (including payments to flour millers) by $69,956,000.

31. As demobilization proceeded, National Defence expenditures declined by 50% from the previous year, most of the reduction being attributable to the Army.

32. Expenditures of the Department of Reconstruction and Supply continued to decline. Of the $63,235,000 spent by that Department under Demobilization and Reconversion during 1947-48, $38,620,000 was attributable to housing developments.

Capital Expenditures

33. Expenditures charged to capital during the fiscal year 1947-48 totalled $16,461,000 compared with $11,200,000 in the previous fiscal year. The main items are cost of dredging the St. Lawrence Ship Channel, construction and improvements in connection with civil airways and airports, the construction of the new Prince Edward Island car ferry and improvements of terminal facilities.

Special Expenditures

34. Special expenditures are estimated at $63,540,000, an increase of $31,614,000 over 1946-47. The largest single item of expenditure under this category was a payment to the Canadian Wheat Board of $31,450,000 to cover the amount of established deficits in respect of certain special operations of an emergency character conducted by the Board during war and post-war years, as provided for by Vote 582 of the Further Supplementary Estimates for 1947-48. Advances to the Prairie Farm Emergency Fund accounted for $10,744,000 and $13,900,000 was expended for subsidies on oats and barley used as feed for live stock.

Government Owned Enterprises

35. Total expenditures under the classification entitled Government Owned Enterprises which comprises the losses of and non-active advances to Government Owned Enterprises established before the war and operated as separate corpor-

ations, were $18,697,000 in the fiscal year ended March 31, 1948. The increase of $8,015,000 over the expenditure of the previous year was occasioned mainly by the larger deficit of the Canadian National Railways and the inclusion for the first time in many years of the deficit of the Trans-Canada Airlines.

Canadian National Railways

36. The operating revenues of the Canadian National Railways for the calendar year 1947 totalled $438,198,000, an increase of 9·4% over those of 1946. Operating expenses of the Railway totalled $397,123,000, an increase of 11·2% over those of 1946.

The net operating revenue of the railway was $41,075,000 and after deducting $13,136,000 for taxes, and for equipment rentals and joint facility rentals, there remained a net railway operating income of $23,711,000. Other income less deductions totalled $4,228,000, resulting in $27,939,000 being available for interest. After payment of $23,822,000 in interest on funded debt held by the public and $20,002,000 in interest to the Government on temporary loans for capital and refunding purposes, there was a net cash deficit of $15,885,000. This amount was paid to the railway by the Government and charged to expenditure.

The operating deficit of the Prince Edward Island Car Ferry and Terminals for 1947 was $932,000, compared with $888,000 in 1946.

Canadian National Steamships

37. The Canadian National (West Indies) Steamships, Limited, had an operating surplus of $829,000 in the calendar year 1947 and earnings on the Company's Replacement Fund totalled $267,000. From the total income of $1,096,000, there were paid $470,000 for bond interest and $103,000 for interest on Government advances, leaving a resulting income surplus of $523,000. Of this income surplus the sum of $267,000 was retained in the Replacement Fund and the remainder, namely $256,000, was paid to the Government in reduction of advances made in prior years for deficits.

Trans-Canada Airlines

38. The Trans-Canada Airlines North American service had total operating revenues in 1947 of $15,297,000. In the same period operating expenses totalled $16,796,000, resulting in an operating deficit of $1,499,000. After payment of invested capital of $262,000, there was a total deficit of $1,761,000.

The Trans-Atlantic service had total operating revenues of $5,483,000 in 1947. Operating expenses amounted to $5,342,000, resulting in an operating surplus of $141,000. After payment of interest on invested capital of $5,000, there was a surplus of $136,000.

Deducting the surplus of $136,000 on Trans-Atlantic service from the deficit of $1,761,000 on North American service there was an over-all deficit of $1,625,000. The accumulated surplus of Trans-Canada Airlines at December 31, 1946, totalled $255,000. After deducting this amount from the over-all deficit for 1947 there remained a net accumulated deficit of $1,370,000, which amount was paid to the Airlines by the Government.

National Harbours Board

39. The operating income of the National Harbours Board for the calendar year 1947, after payment of interest to the public but before depreciation, reserve for replacements and interest on Government advances, was $3,827,000 compared with $4,143,000 in the previous year. Interest paid to the Government in the fiscal year ended March 31, 1948, totalled $2,025,000.

Financial assistance provided by the Government to the National Harbours Board and charged to expenditure under the category Government Owned Enterprises totalled $509,000, divided as follows: $67,000 for the operating deficit of Churchill Harbour and $70,000 for the operating deficit of Quebec Harbour; $264,000 for non-active advances to meet the deficit of the Jacques Cartier Bridge at Montreal; and $2,000, $55,000, $3,000, $24,000 and $24,000 for capital expenditures at the Harbours at Churchill, Quebec, Three Rivers, Saint John and Halifax.

The elevators at Port Colborne and Prescott operated at a profit during the year and $87,000 was paid to the Government.

Other Charges

40. Total expenditures in this final category are estimated at $83,540,000 compared with $29,386,000 in 1946-47.

41. Most of this is represented by the amount of $75,000,000 which has been credited to the general reserve to meet possible losses on the ultimate realization of active assets. This is an increase of $50,000,000 over the amount of $25,000,000 set aside for this purpose each fiscal year since the account was established in 1940-41. During the year, $55,416,000, representing the write-off of the Western Provinces' Treasury Bill indebtedness was charged ot the reserve as provided for by The Western Provinces' Treasury Bills and Natural Resources Settlement Act. At March 31, 1947, the general reserve was $153,669,000, and as a result of these credit and debit transactions the reserve at March 31, 1948 stood at $173,253,000, or a net increase of $19,584,000.

42. The other items in this category which affect the net debt are: the provision for reserve for conditional benefits under the Veterans' Land Act and the annual write-off of Soldier and General Land Settlement and Veterans' Land Act aggregating $6,602.000.

43. The loss of $50,000 on seed grain and relief accounts administered by the Department of Mines and Resources does not increase the net debt as the write-off is from an amount already set aside in the non-active accounts to provide for revaluations and losses.

44. The last item in this category reflects a change in the Canadian National Railways Securities Trust Stock, which was decreased by $1,885,000 representing the retirement of equipment. The deficit in the Canadian National Railways for the calendar year 1947 does not reduce the Dominion's equity as the amount of the deficit is paid to the railway by the Government and charged as Government expenditure under the category of Government Owned Enterprises. The item of $1,885,000 is a contra item and does not increase the net debt. It appears on the revenue side under the heading of Special Receipts and Credits.

LOANS AND ADVANCES AND INVESTMENTS

45. In addition to the expenditures already detailed the Government makes disbursements for loans, advances and investments which are treated as "active assets" and are deducted from total gross liabilities in arriving at the figure of net debt. The net increase in these active assets during 1947-48 was $453,654,000.

The details in regard to the items accounting for this net increase together with those for the four previous fiscal years will be found in the table on page 94.

CHANGES IN ACTIVE LOANS, ADVANCES AND INVESTMENTS, 1947-48

(thousands of dollars)

	Increases	Decreases
Loans and Advances—		
Railways and Steamship Companies—		
Canadian National Railways	81,717	.....
Sundry Government Agencies—		
National Harbours Board	.....	26
Soldier Settlement and Veterans Land Act	35,966	.....
Sundry Crown Companies	9,146	.....
Other	.....	11,632
	45,112	11,658
Provincial and Municipal Governments	.....	63,629
United Kingdom and Other Governments—		
United Kingdom, loan under The War Appropriation (U.K. Financing) Act, 1942	.....	111,285
Union of Soviet Socialist Republics — loan for purchase of wheat	.....	2,500
Export Credits Insurance Act	130,830	.....
United Kingdom Financial Agreement Act, 1946	368,000	.....
Other	.....	3,314
	498,830	117,099
Miscellaneous—		
Sundry munitions contracts—		
(Department of Reconstruction & Supply)	.....	610
Other	4,153	.....
	4,153	610
Investments—		
Canadian Farm Loan Board	100	.....
Canada's subscription to International Bank for Reconstruction & Development	16,250	
Export Credits Insurance Corporation Capital Stock	2,500	
Other	.....	2,012
	18,850	2,012
Net Total of Changes in Loans and Advances and Investments	453,654	

NOTE: Annual changes in active loans and advances and investments for the five fiscal years ended March 31, 1948 appear on page 94.

Railway and Steamship Companies

46. There was a net increase of $81,717,000 in loans to the Canadian National Railways in the fiscal year 1947-48. Advances of $53,550,000 were made for the retirement of funded debt of the Company held by the public. Advances for the purchase of capital stock of Trans-Canada Airlines totalled $15,100,000. Advances of $11,000,000 were made pending Parliamentary approval of the appropriation for the Railway's 1948 deficit. An advance of $5,886,000 was also made for capital purposes of the Railway. Repayment of amounts due to the Government under various Hire-Purchase Agreements covering railway equipment acquired in previous years aggregated $3,819,000.

Sundry Government Agencies

47. Advances to the National Harbours Board for capital purposes at Vancouver and Montreal were reduced during the year by $26,000.

48. The net increase in the fiscal year in advances for Soldier Settlement and Veterans Land Act purposes amounted to $35,966,000. This increase was occasioned by net advances of $38,066,000 under the Veterans Land Act, less the sum of $2,100,000 written off and charged to Consolidated Deficit Account.

49. Net advances to sundry Crown companies increased by $9,146,000. The main items contributing to this change were as follows: advances aggregating $22,500,000 to the Central Mortgage and Housing Corporation; $2,500,000 representing capital surplus of Export Credits Insurance Corporation; reduction of $5,000,000 to the Commodity Prices Stabilization Corporation and a reduction of $9,100,000 in advances to the Agricultural Prices Account.

Provincial and Municipal Governments

50. Loans in this category decreased during the fiscal year 1947-48 by $63,629,000. This reduction reflects the adjustment authorized, under The Western Provinces Treasury Bills and Natural Resources Settlement Act, in the indebtedness of the four western provinces to the Government of Canada. Of this reduction, $55,416,000 was charged to the Reserve for Possible Losses upon the Ultimate Realization of Active Assets.

United Kingdom and Other Governments

51. Net advances under this heading increased by $381,731,000 during the fiscal year 1947-48. The largest single item in this category consisted of the advances under the United Kingdom Financial Agreement Act, 1946, aggregating $368,000,000. At March 31, 1948, the Government of the United Kingdom had drawn down $1,008,000,000, out of a total loan of $1,250,000,000 authorized by this Act. The Canadian dollar obligation of the Government of the United Kingdom under the authority of The War Appropriation (United Kingdom Financing) Act, 1942, was reduced by $111,285,000, leaving a balance outstanding at the fiscal year end of $331,479,000.

52. Advances made during the fiscal year to foreign governments and their agencies pursuant to agreements made under the Export Credits Insurance Act increased by $130,830,000. Advances were made to the various countries as follows: Belgium $16,000,000; China $20,046,000; Czechoslovakia $10,315,000; France $49,945,000; Netherlands $28,536,000; Netherlands Indies $5,900,000; and Norway $1,906,000. In addition unpaid interest was consolidated and added to the loans under the terms of the agreements in the amount of $248,000 in the case of Belgium and $150,000 in the case of Norway. Belgium repaid $2,112,000 during the year.

53. The Government of the Union of Soviet Socialist Republics repaid during the fiscal year $2,500,000 of a loan obtained under the authority of the War Appropriation Act in the amount of $10,000,000. This payment completely liquidated the loan on its due date.

Investments

54. In the fiscal year 1947-48, Canada paid $16,250,000 on its subscription to the capital stock of the International Bank for Reconstruction and Development. This payment was made in the form of non-interest bearing notes. The remaining amount of Canada's subscription to the capital stock of the Bank, namely, $260,000,000, can only be called to meet obligations of the Bank on securities of or guaranteed by the Bank.

55. A further payment of $2,500,000 was made for the capital stock of the Export Credits Insurance Corporation. This payment completes the Government's subscription to the capital stock of the Corporation.

DEBT REDEMPTION AND LOAN FLOTATIONS

56. During the fiscal year ended March 31, 1948, Government obligations to a total of $2,856,342,539 matured or were called for redemption. Of this amount, $1,333,293,471 was renewed or converted into new issues, and cash required to retire the balance was provided as follows: $325,000,000 from the sale of a new issue of two year bonds to the Bank of Canada and the chartered banks, $263,530,150 from the sale of Canada Savings Bonds Series II, $200,000,000 from the sale of a new issue of Treasury Notes to the Bank of Canada, $100,000,000 from the sale of an issue of Deposit Certificates to the chartered banks, $50,000,000 from the issue of notes to the Export-Import Bank, and $584,518,918 from cash balances.

57. During the year, Government issues of securities amounted to an estimated total of $2,271,823,621 exclusive of the recurring issues of Treasury Bills which were issued to refund similar securities maturing during the year. Of this total, securities in the amount of $1,645,000,000 were issued to the Bank of Canada, and in the amount of $280,000,000 to the chartered banks. Drawings on the $300,000,000 Export-Import Bank Loan amounted to $50,000,000 during the fiscal year, and, in accordance with the loan agreement, notes maturing in three, four, and five years from the date of the withdrawal were delivered to the Bank.

58. Canada Savings Bonds were the only securities offered to the general public during the year. Net sales of Series II amounted to $263,530,150 during the period, while there were net redemptions of $92,394,150 in Series I of these bonds.

59. The fortnightly issue of three months Treasury Bills was continued during the year. The amount outstanding remained unchanged at $450,000,000 throughout the year. Average yield on the last issue sold during the fiscal year was ·411%.

60. The average rate of interest on the Dominion's direct funded debt (including Treasury Bills and Deposit Certificates) outstanding at March 31, 1948 was 2·66%, compared with 2·65% at March 31, 1947.

61. The following Tables show the details of loan flotations and debt redemption during the fiscal year.

LOAN FLOTATIONS 1947-48

—	Issue Date	Maturity Date	Interest Rate	Price to Government	Yield at Government Price to	Total Amount Issued	Renewals or Reconversion Included in Amount Issued	Amount Issued for Cash
			%		%	$	$	$
Issued to Chartered Banks								
Two Year Bonds	Mar. 1, 1948	Mar. 1, 1950	1⅛	100·30	1·347	180,000,000	.....	180,000,000
Deposit Certificates	Mar. 5, 1948	Sept. 3, 1948	⅞	100·00	0·625	100,000,000	.....	100,000,000
						280,000,000	.....	280,000,000
Issued to Bank of Canada								
Six Months Treasury Notes	May 1, 1947	Nov. 1, 1947	⅝	100·00	0·625	200,000,000	.....	200,000,000
Six Months Treasury Notes	Sept. 1, 1947	Mar. 1, 1948	⅝	100·00	0·625	550,000,000	550,000,000	.....
Six Months Treasury Notes	Nov. 1, 1947	May 1, 1948	⅝	100·00	0·625	200,000,000	200,000,000	.....
Six Months Treasury Notes	Mar. 1, 1948	Sept. 1, 1948	⅝	100·00	0·625	550,000,000	550,000,000	.....
Two Year Bonds	Mar. 1, 1948	Mar. 1, 1950	1½	100·30	1·347	145,000,000	.....	145,000,000
						1,645,000,000	1,300,000,000	345,000,000
Issued to The Export-Import Bank of Washington								
Three Year Notes	Mar. 1, 1948	Mar. 1, 1951	2½ (1)	100·00	2·500	16,667,000 (2)	.....	16,667,000 (2)
Four Year Notes	Mar. 1, 1948	Mar. 1, 1952	2½	100·00	2·500	16,667,000(2)	.....	16,667,000 (2)
Five Year Notes	Mar. 1, 1498	Mar. 1, 1953	2½ (1)	100·00	2·500	16,666,000 (2)	.....	16,666,000 (2)
						50,000,000 (2)	.....	50,000,000 (2)
Issued to General Public								
Canada Savings Bonds, Series II—Net	Nov. 1, 1947	Nov. 1, 1957	2¾	99·375	2·82	263,530,150	.....	263,530,150
Grand Totals	.....	.....	.....	.....	.....	2,238,530,150	1,300,000,000	938,530,150

(1) In addition to the interest charge, the loan from the Export-Import Bank carries a commitment charge of ½ of 1% on the unutilized portion.

(2) Payable in United States dollars.

DEBT REDEMPTION 1947-48

Maturity or Call Date	Interest Rate	Where Payable	Amount
	%		$
May 1, 1947	1¾	Canada	373,259,000
July 1, 1947	4	Canada	33,293,471
Sept. 1, 1947	⅝	Canada	550,000,000
Oct. 1, 1947	2½	London	88,485
Oct. 15, 1947 (1)	4	Canada	56,191,000
Nov. 1, 1947 (2)	4½	Canada	37,523,200
Nov. 1, 1947	⅝	Canada	200,000,000
Feb. 1, 1948 (3)	3½	Canada	50,012,350
Mar. 1, 1948	⅝	Canada	550,000,000
Mar. 1, 1948	2¼	Canada	269,897,000
Mar. 1, 1948	1¾	Canada	239,713,000
Non-Interest Bearing Certificates (Net)	.....	Canada	308,255
War Savings Certificates (Net)	.....	Canada	37,329,374
Canada Savings Bonds, Series I (Net)	2¾	Canada	92,394,150
Various (4)	.....	London	2,141,354
Deposit Certificates	⅝	Canada	280,000,000
Total Bonds and Certificates	.....	.....	2,772,132,639
Repayment of Refundable Portions Excess Profits Tax and Personal Income Tax	.....	.....	84,209,900
Total Redemptions of Debt	.....	.....	2,856,342,539
Less: Amounts Renewed or Converted (5)	.....	.....	1,533,293,471
Provided from Cash Resources	.....	.....	1,323,049,068

(1) Maturity date October 15, 1952, claled for redemption October 15, 1947.

(2) Maturity date November 1, 1957, called for redemption November 1, 1947.

(3) First call of First War Loan.

(4) These issues were vested by the Treasury of the United Kingdom in August, 1941, and January, 1942. Amounts purchased during the fiscal year were cancelled. The actual redemptions for the year at the rate of $4.03 to the pound were approximately $212,000. The difference between this figure and $2,141,354 shown in the table is due to revaluation of the outstanding sterling issues from a par figure of $4.86 2/3 to the pound to $4.03 to the pound.

(5) Total from previous Table $1,300,000,000 and School Fund Debentures, viz. $33,293,471.

SOURCES AND APPLICATION OF CASH FUNDS

62. The Government's financial operations are not confined to collecting revenues and making expenditures in the narrow accounting or budgetary sense of that term. Very substantial amounts of cash are received and disbursed in other ways—ways which do not affect at all the amount of the budgetary surplus for the year. Such receipts and disbursements must also be taken into account when considering the role of the financial operations of the Government in the nation's economy.

63. The following table has therefore been drawn up with a view to summarizing the various sources of cash funds received by the Government during the year and the various purposes for which cash funds have been disbursed. It also serves to account for the decrease of $448·6 million which has taken place in the Government's net cash position between March 31, 1947, and March 31, 1948; in this connection, however, it should be noted that the amount of the Government's cash balances shown for this purpose and for the purpose of year-end balance sheets is not the actual amount of cash held on March 31st but rather such amount corrected for the various year-end adjustments reflected in the balance sheet.

[Mr. Abbott.]

SOURCE AND APPLICATION OF CASH FUNDS
FISCAL YEAR ENDED 31ST MARCH, 1948

(Millions of Dollars)

SOURCE OF CASH FUNDS—			
1. Net balance of cash funds remaining out of current year's revenues			$ 727·0
Consisting of:			
Excess of revenues over expenditures for the year (i.e. budgetary surplus)		$ 669·9	
Add back items included in total expenditures which did not represent current outlays of cash		107·7(*)	
		$ 777·6	
Less items included in total revenues which did not represent current receipts of cash		50·6(†)	
		$ 727·0	
2. Repayments of loans and advances			$ 351·9
Consisting of amounts received from—			
Foreign Exchange Control Board		$ 220·0	
United Kingdom under War Appropriation (U.K. Financing) Act, 1942		111·3	
Miscellaneous U.K. and other governments		6·0	
Agricultural products and agricultural prices support account		9·1	
Provincial and Municipal governments		1·9	
Miscellaneous loans and advances		3·6	
		$ 351·9	
3. Repayments of balances arising from agreements of sale of Crown assets			$ 1·9
4. Increases in Insurance, Pension and Guaranty accounts			85·2
5. Increases in sundry suspense accounts			14·9
			$ 1,180·9
APPLICATION OF CASH FUNDS—			
1. Increase in loans and advances			$ 625·2
Consisting of amounts advanced to:			
Canadian National Railways		$ 81·7	
United Kingdom (under United Kingdom Financial Agreement Act, 1946)		368·0	
Other Countries (under Export Credits Insurance Act)		130·8	
Crown Companies		6·6	
Various Veterans (under Soldier Settlement and Veterans Land Acts)		38·1	
		$ 625·2	
2. Increase in working capital advances			6·2
3. Increase in investments			2·6
Represented by:			
Increase in investment in Canadian Farm Loan Board		$ 0·1	
Increase in miscellaneous investments		2·5	
		$ 2·6	

(*) Annual amortization of bond discounts and commissions, $10·0 million; write-down of assets—Soldier Land Settlement and Veterans Land Act Loans, $2·1 million; provision for reserve for conditional benefits under Veterans Land Act, $4·5 million; provision for reserve for possible losses on ultimate realization of active assets, $75·0 million; Natural Resources Settlements Provinces of Saskatchewan and Alberta, $16·1 million.

(†) Premium, Discount and Exchange, $3·9 million; Transfer to Active Assets—Loans and Advances—Wartime Oils Ltd. and Canadian Arsenals Ltd., $3·7 million; and 1936 and 1937 Saskatchewan Seed Grain Guarantees (non-active), $9·8 million; Amortization and profits from War Supplies Ltd., $19·1 million; Employees Compensation Clearing Accounts—Defence Projects, $9·1 million; and U.K. Settlement Scheme, $5·0 million.

4. Reduction in deposit and trust accounts			43·1
5. Reduction in deferred credits			5·6
6. Cost of loan flotations (portion to be amortized)			0·7
7. Reduction in funded debt (net)	$ 584·5		
less increase in floating debt	48·4		
		$	536·1
8. Amounts transferred to securities investment account			410·0
		$	1,629·5
Excess of cash funds applied over funds made available—accounting for net decrease in cash position between March 31, 1947 and March 31, 1948		$	448·6
Cash balance at March 31, 1947	$ 484·5		
Cash balance at March 31, 1948	35·9		
Reduction in Canadian dollar balances	$ 435·2		
Reduction in U.S. dollar balances	12·7		
Reduction in Sterling dollar balances	0·2		
		$	1,180·9

64. It will be noted that in order to arrive first of all at a figure representing the cash funds provided from current operations (i.e., the excess of revenues over budgetary expenditures), an adjustment must be made for items included in revenues which do not represent cash receipts and also for items included in expenditures which do not represent outlays of cash. When these adjustments are made, the net balance of cash funds remaining out of current year's revenues is found to be $727·0 million.

65. To this total should be added an amount of $351·9 million representing repayments of loans and advances, $1·9 million representing repayments of balances arising from agreements of sale in respect of Crown assets, $85·2 million representing increases in various insurance, pension and guarantee accounts, and $14·9 million representing increases in sundry suspense accounts.

66. The total of all these items is $1,180·9 million, which with cash on hand at the beginning of the fiscal year would represent the total cash funds available to the Government after taking care of the year's budgetary expenditures. The lower half of the table shows how these cash funds were applied or disbursed and the balance remaining at the end of the year.

67. It will be noted that of the total funds available the sum of $634·0 million was spent in the acquisition of active assets—$625·2 million by way of increases in loans and advances, $2·6 million by way of increases in investments and $6·2 million by way of increases in working capital advances. The sum of $43·1 million was accounted for by a reduction in deposit and trust accounts, $5·6 million by a reduction in deferred credits, and $0·7 million by cost of loan flotations which will appear as expenditures in future years as it is amortized over the term of the relevant loans.

68. Of special significance is the fact that the remainder of the cash which was disbursed during the year, namely $946·1 million went to reduce the amount of Government securities outstanding in the hands of the public. The net retirement of funded debt amounted to $584·5 million, but there was an increase of $48·4 million in floating debt, making net retirement in total debt of $536·1 million. In addition, however, an amount of $410·0 million of Government securities was purchased from the public and transferred to securities investment account.

NATIONAL DEBT

69. It is estimated that the gross unmatured funded debt (including Deposit Certificates, Treasury Bills and the estimated refundable portion of personal income tax and excess profits tax) of the Government of Canada outstanding at the close of the fiscal year 1947-48 will amount to $15,957,381,000, details of which may be found on page 54. Other liabilities consisting chiefly of Deposit and Trust Accounts, Insurance, Pension and Guaranty Accounts are estimated at $1,243,689,000. The gross liabilities of the Dominion on Mardh 31, 1948, therefore, are estimated at $17,201,070,000. On the other side of the balance sheet there are active assets estimated at a total of $4,996,525,000, consisting of cash, loans, advances and investments, less a reserve of $173,253,000 for possible losses on their ultimate realization. If the amount of net active assets is deducted from the amount of gross liabilities, there results a figure of $12,377,798,000, representing the estimated net debt of the Dominion as at March 31, 1948.

70. The decrease in the net debt for the year is estimated at $669,958,000. This of course is the amount already reported as the over-all estimated surplus for the fiscal year 1947-48.

BALANCE SHEET

The following is a condensed estimated balance sheet of the Dominion, together with details of non-active assets:

BALANCE SHEET—MARCH 31, 1948

(estimated)

(thousands of dollars)

Liabilities—		
Floating Debt—		
Matured Funded Debt Outstanding	$ 32,460	
Stock and other obligations payable on demand	252,034	
Interest due and outstanding	78,458	
Outstanding cheques and warrants	102,000	
Post Office Account	10,000	
		$ 474,952
Deposit and Trust Accounts—		
Post Office Savings Bank	36,750	
Indian Trust Funds	18,500	
Miscellaneous	58,000	
		113,250
Insurance, Pension and Guaranty Accounts—		
Government Annuities	430,000	
Insurance Fund—Civil Service	21,235	
Insurance Fund—Returned Soldiers	24,580	
Veterans' Insurance Account	2,300	
Unemployment Insurance Fund—Cash	8,400	
Other Insurance and Guaranty Accounts	750	
Civil Service Superannuation Account	90,315	
Civil Service Retirement Fund	14,675	
Permanent Services Pension Account	7,880	
Other Pension Funds	2,800	
		602,935
Deferred Credits		3,700
Sundry Suspense Accounts		29,300
Province Debt Accounts		11,920
Reserve for contingent liabilities		7,632
Funded Debt Unmatured—		
Payable in Canada—		
Bonds, Deposit Certificates and Treasury Bills	15,290,807	
Refundable portion of personal income tax and excess profits tax (estimated)	459,249	
Payable in New York	198,000	
Payable in London	9,325	
		15,957,381
		17,201,070

Assets—			
Cash including investment in the Foreign Exchange Control Board and holdings in the Securities Investment Account			$ 1,372,763
Departmental Working Capital Advances			14,800
Loans and Advances—			
To Canadian National Railways		760,725	
To United Kingdom and Other Governments—			
United Kingdom, The War Appropriation (U.K. Financing) Act, 1942	$ 331,479		
United Kingdom Financial Agreement Act, 1946	1,008,000		
Export Credits Insurance Act	466,330		
Other (U.K. and Other Governments)	40,000		
		1,845,809	
To Sundry Government Agencies—			
Canadian Broadcasting Corporation	2,000		
Crown Companies	53,557		
National Harbours Board	85,090		
Soldier Settlement and Veterans' Land Act	143,900		
Other	14,800		
		299,347	
To Provincial and Municipal Governments		107,745	
Miscellaneous		9,685	
			3,673,311

[Mr. Abbott.]

BALANCE SHEET—MARCH 31, 1948—*concluded*

(estimated)

(thousands of dollars)

Assets—Concluded		
Investments—		
Bank of Canada Capital Stock	$ 5,920	
Central Mortgage and Housing Corporation Capital Stock	25,000	
Canadian Farm Loan Board—		
Advances and Capital Stock	21,123	
Canada's subscription to capital of—		
International Monetary Fund	300,003	
International Bank for Reconstruction and Development	65,036	
Balances receivable under agreements of sale of Crown assets	11,531	
Miscellaneous	60,204	
		$ 488,817
Province Debt Accounts		2,296
Deferred Charges—Unamortized discounts and Commissions on Loans		72,654
Sundry Suspense Accounts		19,384
		$4,996,525
Less—Reserve for possible losses on ultimate realization of Active Assets		173,253
		$ 4,824,267
Net Debt, March 31, 1948 (estimated)		12,377,798
		$ 17,201,070

NET DEBT—MARCH 31, 1948 (estimated)

(thousands of dollars)

Net Debt represented by—		
(A) Expenditures for Capital Purposes and Non-active Assets—		
Public Works—		
Canals		$ 240,092
Railways		435,783
Miscellaneous		338,003
Military Property and Stores		12,617
Territorial Accounts		9,896
Canadian Pacific Railway (old)		62,791
Canadian National Railways Securities Trust Stock		378,519
Canadian National Railways Stock		18,000
Loans and Advances Non-active—		
Canadian National Steamships		11,797
National Harbours Board—		
Chicoutimi	$ 3,811	
Churchill	16	
Halifax	12,498	
Montreal (Jacques Cartier Bridge)	7,086	
Port Colborne Elevator	1	
Quebec	27,828	
Saint John	17,325	
Three Rivers	3,985	
		72,550
Soldier and General Land Settlement		16,526
Seed Grain and Relief Advances		89
Miscellaneous Non-active Accounts		2,457
		$ 1,599,120
(B) Consolidated Deficit Account—		
Balance, Consolidated Deficit Account brought forward from March 31, 1947	$ 11,453,361	
Excess of revenue over expenditure excluding amounts charged under (A) above, fiscal year ended March 31, 1948 (estimated)	674,683	
		10,778,678
		$ 12,377,798

INDIRECT LIABILITIES

71. Indirect or contingent liabilities of the Government include the guarantee of the deposits maintained by the chartered banks in the Bank of Canada, guarantees of certain bond issues and bank loans, commitments under housing legislation, and certain other guarantees.

Guaranteed Bond Issues

72. Bonds and debenture stocks guaranteed by the Government were outstanding in the hands of the public in the amount of $521,949,171 as at March 31, 1948, a decrease of $45,005,355 during the year. This decrease was caused chiefly by the redemption of two Canadian National Railways 3% bond issues: the $20,000,000 issue due February 1, 1952 was called for redemption on February 1, 1948 and the $25,000,000 issue due February 15, 1953, was called for redemption on February 15, 1948.

Guaranteed Bank Loans—

(1) *Farm Improvement Loans*

73. Under the provisions of the Farm Improvement Loans Act, 1944, the Government guarantees loans made by the chartered banks to farmers for certain authorized purposes. The amount of the guarantee is limited to 10 per cent of the aggregate principal amount of the guaranteed loans made by each bank. Figures for March 31, 1948, are not yet available, but at February 28 a total of 41,722 such loans had been made to a total amount of $33,631,453.71, and the Government's contingent liability at that date was $3,363,145.37, compared with $1,564,865 at March 31, 1947.

(2) *Veterans' Business and Professional Loans*

74. Under the provisions of the Veterans' Business and Professional Loans Act, the Government guarantees loans made for certain purposes by the chartered banks to veterans domiciled in Canada. The total of such loans is limited to $25,000,000, and the Government's guarantee is limited to 25 per cent of the loans made by a bank if that bank's total loans do not exceed $1,000,000 and to 15% of the loans mamde by a Bank in excess of $1,000,000. At December 31, 1947, the Government's contingent liability for loans made under this Act amounted to $1,216,571.12.

(3) *Guaranteed Bank Loans to Acadia Coal Company*

75. P. C. 1188 of March 29, 1946, authorized the Government to guarantee the extension of bank loans not exceeding $730,000 to the Acadia Coal Company Limited to assist the company in opening and developing the McBean seam on a fully mechanized basis. At March 31, 1948 loans for the maximum amount authorized were outstanding.

(4) *Guarantees under Part II, Export Credits Insurance Act*

76. Under authority of P. C. 4690 dated November 12, 1946, the Minister of Finance was authorized on behalf of the Government of Canada to guarantee under the provisions of the Export Credits Insurance Act the guarantee of the Republic of China of the payment by Ming Sung Industrial Company, Ltd., of the cost of Canadian-produced goods and Canadian services to a maximum

amount of $12,750,000 to be advanced by Imperial Bank of Canada, The Bank of Toronto and The Dominion Bank, subject to an agreement dated October 30, 1946, between the Company and the said Banks, and to guarantee the securities given by the Ming Sung Industrial Company Ltd., for repayment of amounts drawn against credits established by the Banks in accordance with the agreement.

This guarantee was made at the request of the Government of China, which itself has guaranteed the payments to be made by the Company and the securities to be given by the Company and has undertaken to indemnify the Government of Canada against loss in connection with the guarantees so requested.

As of March 31, 1948, letters of credit issued and special credits established by the said banks in favour of the Ming Sung Industrial Company totalled $9,997,320.00. Total payments by the banks under these letters of credit or special credits amounted to $6,106,850.87, and the liability of the Government at the end of the fiscal year is, therefore, $6,106,850.87.

Guarantees on Land Assembly Projects undertaken by Lending Instititions

77. A new provision was added to The National Housing Act, 1944, at the 1947 Session of Parliament to empower and encourage lending institutions to acquire suitable blocks of raw land within or adjacent to urban centres and develop this land into serviced lots for housing construction. Subject to the lending institutions undertaking to develop the land acquired and sell this land under terms and conditions satisfactory to Central Mortgage and Housing Corporation, the Corporation is authorized to guarantee the total investment of the lending institutions in the land and development, including interest on the investment at a rate not to exceed two per cent compounded annually. In return for the guarantee the lending institutions agree to pay to the Corporation any amount recovered from the sale of such land, in excess of the total investment and the amount of the accrued interest. At the termination of the Agreement any unsold land in a project is to be conveyed to the Corporation.

At the end of March, 1948 agreements had been entered into with various lending institutions respecting six land assembly projects. The total estimated investment in these projects was $1,197,267.03. No claims have been made to the Corporation under the provision of the guarantee.

78. The following table shows details of the bonds and debenture stocks guaranteed by the Government outstanding as at March 31, 1948:

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE GOVERNMENT OF CANADA AS AT MARCH 31, 1948

Date of maturity	Issue	Interest rate	Estimated amount outstanding
		%	$
April 1, 1948..	New Westminster Harbour Commissioners	4¾	700,000
Sept. 1, 1951..	Canadian National	4½	48,022,000
Aug. 1, 1952..	Saint John Harbour Commissioners	5	667,953
July 10, 1953..	Canadian Northern	3	1,162,768
Feb. 1, 1954..	Canadian National	5	50,000,000
Mar. 1, 1955..	Canadian National (West Indies) Steamships Limited	5	9,400,000
June 15, 1955..	Canadian National	4¾	48,496,000
Feb. 1, 1956..	Canadian National	4½	67,368,000
July 1, 1957..	Canadian National	4½	64,136,000
July 20, 1958..	Canadian Northern	3½	5,636,507
Jan. 15, 1959..	Canadian National	3	35,000,000
May 4, 1960..	Canadian Northern Alberta	3½	550,727
May 19, 1961..	Canadian Northern Ontario	3½	3,603,183
Jan. 1, 1962..	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962..	Grand Trunk Pacific	4	7,999,074
Jan. 2, 1967..	Canadian National	2¾	50,000,000
Oct. 1, 1969..	Canadian National	5	57,728,500
Nov. 1, 1969..	Harbour Commissioners of Montreal	5	19,000,000
Feb. 1, 1970..	Canadian National	5	17,338,000
Various dates 1948-54.....	City of Saint John Debentures assumed by Saint John Harbour Commissioners	Various	371,229
Perpetual.....	Grand Trunk Debenture Stock	5	1,473,495
"	Great Western Debenture Stock	5	848,406
"	Grand Trunk Debenture Stock	4	5,954,741
"	Northern Railway of Canada Debenture Stock	4	27,458
			521,949,171

79. The following table gives a summary of the Governments guarantees and other contingent liabilities outstanding, other than guarantees of bond issues:

Deposits maintained by the Chartered banks in the Bank of Canada	$519,211,261
Bank advances, *re* Province of Manitoba Savings Office	4,344,078
Province of Manitoba Treasury Bill	3,350,000
Loans made by chartered banks under the Farm Improvement Loans Act, 1944	3,363,145*
Loans made by chartered banks under the Veterans' Business and Professional Loans Act	1,216,571**
Guaranteed Bank Loans—Acadia Coal Company	730,000
Guarantees under Part II of the Export Credits Insurance Act	6,106,851
Loans made by approved lending institutions under The Home Improvement Loans Guarantee Act, 1937	32,861
Loans made by approved lending institutions under The Home Extension Plan	1,959
Loans made by approved lending institutions under Part IV of the National Housing Act, 1944, for home extensions	5,554
Loans made by approved lending institutions under Dominion and National Housing Acts	Indeterminate
Guarantees of Land Assembly Projects under National Housing Act	1,197,267

* As at Feb. 28, 1948.
** As at Dec. 31, 1947.

SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

LOANS AND ADVANCES AND INVESTMENT

UNMATURED FUNDED DEBT

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

——	1943–44	1944–45	1945–46	1945–46	Estimated 1947–48
	$	$	$	$	$
TAX REVENUE—					
Direct Taxes—					
Direct Taxes on Incomes—					
Individual Income Tax	813,435	767,755	691,586	694,530	659,828
Tax on Interest and Dividends	25,671	27,053	26,824	28,428	33,929
Taxes on Rents and Royalties	1,272	1,546	1,486	1,708	1,960
Corporation Income Tax	311,379	276,404	217,834	238,792	364,131
Excess Profits Tax	468,718	465,805	494,196	448,698	227,030
Total Direct Taxes on Incomes	1,620,175	1,538,563	1,431,926	1,412,156	1,286,878
Succession Duties	15,020	17,251	21,447	23,576	30,828
Total Direct Taxes	1,635,495	1,555,814	1,453,373	1,435,732	1,317,706
Indirect Taxes—					
Customs Import Duties	167,882	115,091	128,877	237,355	293,012
Excise Duties—					
Spirits, malt, etc	65,922	72,133	91,274	97,820	97,675
Cigars, cigarettes and tobacco	79,906	83,142	98,228	101,163	102,116
Licences	37	37	39	40	37
Less Refunds	−3,741	−3,390	−2,815	−2,979	−3,034
Total Excise Duties	142,124	151,922	186,726	196,044	196,794
Excise Taxes—					
Taxes on Commodities—					
Sales Tax	339,256	404,109	326,253	328,073	383,012
War Exchange Tax	118,913	98,164	41,198	338	.....
Automobiles, rubber tires and tubes	6,000	6,480	6,701	16,340	31,949
Beverages	19,059	19,442	16,657	18,635	23,767
Candy and chewing gum	12,602	12,874	11,904	13,277	18,279
Cigars, cigarettes and tobacco	54,688	62,306	70,229	76,318	68,606
Cigarette papers and tubes	6,159	6,658	4,645	6,943	6,419
Electric and gas appliances	3,032	4,057	1,272	7	2,824
Furs	4,199	5,217	4,976	3,102	3,139
Gasoline	24,930	29,671	29,836	36,220	2,208
Matches and lighters	2,874	3,117	3,675	4,088	3,967
Phonographs, radios and tubes	491	1,112	646	2,526	5,326
Special excise on importations	508	545	787	1,185	2,113
Sugar	13,048	11,744	9,974	11,339	10,572
Toilet preparations and soaps	5,327	6,347	7,107	7,522	7,146
Trunks, bags, luggage, etc	4,170	4,134	4,711	5,710	4,962
Wines	1,710	1,772	2,066	2,394	2,342
Sundry	2,579	2,977	3,811	5,109	4,716
Taxes on Amusements and Services—					
Amusements	12,019	12,284	13,387	14,552	15,369
Tax on pari-mutuel bets	1,683	1,904	2,188	2,510	2,519
Transportation and communication	22,379	24,205	26,893	27,931	27,531
Stamps, including payment of taxes on jewellery, chinaware, cabaret attendance, etc	16,734	18,296	21,697	24,437	24,301
Licences, interest and miscellaneous	331	369	302	313	376
Less refunds (mainly sales tax)	−34,342	−194,719	−114,005	−29,845	−10,685
Total Excise Taxes	638,619	543,065	496,910	579,024	640,758
Other Taxes—					
Chartered bank note circulation	457	350	270	220	188
Insurance Companies	6,481	7,182	7,951	8,796	2,960
Miscellaneous	753	702	751	690	613
Total Indirect Taxes	956,316	818,312	821,485	1,022,129	1,134,325
Total Revenue from Taxes	2,591,811	2,374,126	2,274,858	2,457,861	2,452,031

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(Thousands of Dollars)

—	1943–44	1944–45	1945–46	1946–47	Estimated 1947–48
	$	$	$	$	$
NON-TAX REVENUE—					
Post Office	61,071	66,056	68,613	72,978	77,758
Return on Investments	48,281	60,749	70,915	69,439	75,800
Bullion and coinage	8,732	4,586	4,954	2,098	1,730
Premium, discount and exchange	2,154	.....	.....	.....	3,900
Other	13,045	14,080	16,322	16,355	19,000
Total Non-tax Revenue	133,283	145,471	160,804	160,870	178,188
Total Ordinary Revenue	2,725,094	2,519,597	2,435,662	2,618,731	2,630,219
SPECIAL RECEIPTS AND CREDITS—					
Refunds of previous years' Special Expenditure	221	53	20	10	4
Special Receipts—War Appropriation Acts	98,918	352,918	626,616	412,763	225,764
Donations to the Crown	216	177	161	170	138
Canadian Wheat Board—					
Reduction in Reserve Account	2,971	589	.....	.....	.....
Surpluses in certain special accounts	.....	2,625	.....	1,762	16
Canadian National Railways—					
Net credit due to increase in Canadian National Railways Securities Trust Stock (contra)	37,838	22,400	22,631	.....	.....
Investment in Crown plants transferred to Active Assets	53,448	7,143	174	2,053	1,250
Other	26	.....	.....	.....	.....
	193,638	385,905	649,602	416,758	227,082
Capital and Non-active Accounts—					
Capital Accounts—					
Refunds of previous years' expenditure	93	728	376	110	62
Non-active Accounts—					
National Harbours Board, reduction of indebtedness	.....	19	.....	10	82
1936 and 1937 Saskatchewan Seed Grain Loans Guarantees—					
Adjustment pursuant to The Western Provinces Treasury Bills and Natural Resources Settlement Act, 1947	.....	.....	.....	.....	9,773
Canadian National (West Indies) Steamships, Limited, reduction of indebtedness	164	549	.....	1,105	256
Canadian Pacific Railway—					
Repayment of loan made under Unemployment Relief Act, 1932	1,000	.....	.....	.....	.....
Write-downs to Consolidated Deficit Account—					
Canadian National Railways Securities Trust Stock—reduction due to retirement of equipment during calendar year 1946	.....	.....	.....	1,308	1,885
Seed Grain and Relief Loans	29	36	45	54	50
Total Capital and Non-active Accounts	1,286	1,332	421	2,587	12,108
Total Special Receipts and Credits	194,924	387,237	650,023	419,345	239,190
TOTAL REVENUE	2,920,018	2,906,834	3,085,685	3,038,076	2,869,409
Less estimated amount of refundable Income and Excess Profits Taxes	155,000	219,500	72,500	30,200	.....
NET TOTAL REVENUE	2,765,018	2,687,334	3,013,185	3,007,876	2,869,409

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

	1943-44	1944-45	1945-46	1945-46	Estimated 1947-48
ORDINARY EXPENDITURE	$	$	$	$	$
Agriculture	8,841	9,424	10,319	13,300	16,284
Auditor General's Office	348	361	379	390	405
Civil Service Commission	456	461	479	593	670
External Affairs, including Office of Prime Minister	1,596	1,974	4,583	5,216	7,624
Finance—					
Interest on Public Debt	242,681	318,995	409,134	464,395	445,455
Cost of Loan Flotations and Annual Amortization of Bond Discounts and Commissions	19,285	20,679	22,311	12,139	10,917
Premium paid on redemption of called bonds	.....	.....	5,842	71	50
Subsidies to Provinces	14,449	14,445	14,447	14,383	33,394
Miscellaneous Grants and Contributions	528	531	617	95	113
Civil Pensions and Superannuation	356	325	293	253	228
Government contribution to Superannuation Fund	2,299	2,341	2,696	3,161	3,489
Old Age Pensions, including pensions to blind persons	30,377	32,187	(1) —	(1) —	(1) —
Premium, Discount and Exchange	.....	16,348	14,734	9,172	.....
Compensation to Provinces under Dominion-Provincial Taxation Agreements—					
Income and Corporation Taxes	83,678	82,977	94,343	94,380	122,497
Gasoline Tax	11,757	10,357	3,709	—	.....
Administrative and Sundry Expenditure	4,472	4,724	7,569	3,599	11,389
Fisheries	1,696	2,159	3,262	3,599	4,236
Governor General and Lieutenant Governors	222	223	227	252	233
Insurance	183	185	199	212	254
Justice	2,673	2,696	2,848	3,194	3,914
Penitentiaries	2,799	2,936	3,258	3,806	4,663
Labour	1,170	1,446	1,620	2,010	2,295
Unemployment Insurance Act, 1940—					
Administration	5,171	5,113	6,185	7,496	17,624
Government Contribution	12,344	12,746	12,514	15,200	17,500
Government Annuities—					
Payments to maintain reserve	32	257	294	977	750
Legislation—					
House of Commons	1,915	1,612	2,235	2,786	3,161
Library of Parliament	77	72	74	90	104
Senate	562	485	727	881	951
General	86	95	98	167	270
Chief Electoral Officer, including elections	88	179	3,091	144	129
Mines and Resources—					
Administration	167	168	164	173	263
Immigration	1,262	1,309	1,524	2,047	2,806
Indian Affairs	5,177	6,162	4,466	5,948	7,174
Lands, Parks and Forests	1,586	1,831	2,689	4,962	.....
Lands and Development Services	.....	.....	.....	.....	5,738
Surveys and Engineering	1,272	1,610	1,323	3,444	.....
Special Projects	.....	.....	.....	.....	2,534
Mines and Geological Survey	1,125	1,216	1,303	1,847	.....
Mines, Forests and Scientific Services	.....	.....	.....	.....	5,530
Munitions and Supply	14	19	(2) —	(2) —	(2) —
Dominion Fuel Board Administration					
Coal subsidies and subventions	2,165	2,737	(2) —	(2) —	(2) —
National Defence—					
Administration	36	33	38	28	235
Sundry Services	32	34	89	225	402
National Health and Welfare	1,617	1,725	7,294	8,616	11,040
Old age pensions, includingp ensions to blind persons	(3) —	(3) —	33,715	35,928	58,090
Family allowances	.....	.....	172,632	245,141	263,165

(1) See Department of National Health and Welfare.
(2) See Department of Reconstruction and Supply.
(3) See Department of Finance.

[Mr. Abbott.]

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FICSAL YEARS—*Continued*

(Thousands of Dollars)

—	1943–44	1944–45	1945–46	1946–47	Estimated 1947–48
	$	$	$	$	$
ORDINARY EXPENDITURE—Con.					
National Revenue (including Income Tax)	17,721	20,114	22,630	28,551	37,315
National War Services	547	838	5	—	.....
Post Office	48,485	54,629	57,730	64,213	67,800
Privy Council	80	81	419	808	1,300
Public Archives	124	124	127	149	163
Public Printing and Stationery	235	232	238	293	579
Public Works	12,281	13,169	16,283	26,360	35,620
Reconstruction and Supply	—	969	2,103	1,932	12,087
Dominion Fuel Board Administration, Coal subsidies and subventions	(4) —	(4) —	2,339	1,776	1,172
Royal Canadian Mounted Police	6,678	7,183	7,284	8,604	10,460
Secretary of State	831	864	954	157	1,362
Trade and Commerce	4,196	3,497	4,053	7,361	8,366
Canada Grain Act	2,089	2,333	2,303	2,415	2,647
Mail Subsidies and Steamship Subventions	800	869	994	1,103	(5) —
Transport—					
Administration	397	402	418	491	594
Air Service	3,593	3,939	4,196	5,653	10,483
Marine Service	4,504	4,897	4,893	5,964	6,852
Railways and Canals	4,107	4,294	4,415	4,709	5,343
Maritime Freight Rates Act	5,058	4,733	4,345	4,871	5,091
Mail Subsidies and Steamship Subventions, including Canadian Maritime Commission	.....	.....	.....	.....	1,773
Veterans Affairs—					
Departmental Administration	176	196	1,142	1,680	1,743
Pensions (War 1914–1918 and military)	38,998	39,372	39,996	40,771	41,113
War Service gratuities and re-establishment credits	—	20,228	(6) —	(6) —	(6) —
Treatment and after-care of returned soldiers and allowances to dependents	14,050	19,845	28,551	44,303	47,019
Soldiers Settlement and Veterans Land Act	837	1,391	3,160	6,551	8,087
Total Ordinary Expenditure	630,381	767,376	1,061,902	1,236,235	1,382,545
CAPITAL EXPENDITURE					
Railways	692	630	2,313	2,654	3,820
Public Works	1,930	2,534	2,195	8,546	12,641
Total Capital Expenditure	2,622	3,164	4,508	11,200	16,461
WAR, DEMOBILIZATION AND RECONVERSION EXPENDITURE					
National Defence—Defence Research	—	—	—	*4,090*	*6,001*
National Defence—Army—					
Army Services	1,312,348	1,243,733	935,006	208,106	
Internment Operations	1,100	1,580	1,002	135	
Inspection Board of the U.K. and Canada	10,522	8,362	6,124	—	86,627
Inspection Board of Canada	—	—	—	819	
Sundry	4,835	8,080	7,446	8,064	
	1,328,805	*1,261,755*	*949,578*	*219,124*	*86,627*
National Defence—Naval Services	*369,556*	*417,099*	*241,759*	*64,873*	*43,795*
National Defence—Air Services—					
Overseas War Establishment	383,888	759,070	—	—	—
Overseas Operations	—	—	197,076	4,779	
Home War Establishment	312,761	227,942	—	—	
Western Hemisphere Operations	—	—	108,032	37,697	58,130
Air Training	233,893	272,342	—	—	
Training Organization	—	—	74,770	11,962	
Repatriation and Demobilization	—	—	72,153	16,325	

(4) See Department of Munitions and Supply.
(5) See Department of Transport.
(6) See War Demobilization.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousands of Dollars)

—	1943-44	1944-45	1945-46	1945-46	Estimated 1947-48
	$	$	$	$	$
WAR, DEMOBILIZATION AND RECONVERSION EXPENDITURE—*Con.*					
National Defence—Air Services—*Con.*					
Restricted Servicing Units	—	—	38,623	—	
General Servicing Units	—	—	14,884	17,109	
Surplus Equipment Units	—	—	815		
Headquarters and Commands Administration	—	—	17,880	11,315	
Sundry	124	102	97	84	
	930,666	*1,259,456*	*524,330*	*99,271*	*58,130*
Reconstruction and Supply (formerly Munitions and Supply)—					
Administration, reconversion and operation of Crown Companies and/or Crown Plants	—	—	—	10,784	2,500
Administration	9,957	8,841	6,858	4,140	1,325
Housing Developments	—	—	—	33,163	38,620
Production and transportation subsidies for Canadian steel producers, etc.	.....	.....	.....	.....	7,840
Research and development of jet engines and aircraft	.....	.....	.....	.....	4,500
Expansion of Industry	672,804	205,039	112,675	—	.....
Emergency Coal Production Board	—	—	—	(7) 12,663	.....
Acquisition of U.K. Assets	5,000	1,964	—	.....	.....
Acquisition of U.S. Assets	—	—	1,906	—	.....
Liquidation of Contracts	—	—	—	21,620	1,065
Termination of Contracts	—	—	151,846	55,200	6,600
National Research Council	2,640	2,932	2,385	4,005	120
Sundry	—	—	3,137	5,565	665
	690,401	*218,776*	*278,807*	*147,140*	*63,235*
Agriculture—					
Disposal of agricultural products rendered surplus by the war	1,876	1,194	354	958	8
Freight assistance on western feed grains	17,754	15,943	17,317	18,828	20,005
Fertilizer subventions and freight allowance	903	446	438	283	.....
Subsidies and bulk purchasing of fertilizer	—	—	—	—	597
Subsidy on western wheat used exclusively as feed for live-stock	4,500	7,471	7,864	6,474	4,421
Subsidy on milk and milk products	29,505	42,330	41,659	36,759	1,865
Premium on hog caracsses suitable for export to U.K.	3,855	14,091	9,573	4,506	5,632
To provide for reserve stocks of feed grains	1,292	715	1,274	1,551	434
Sundry	4,608	5,864	4,499	1,757	351
	64,293	*88,054*	*82,978*	*71,116*	*33,313*
External Affairs—					
Contribution to International Refugee Organization	.....	.....	.....	.....	5,468
General post UNRRA relief	.....	.....	.....	.....	16,960
Sundry	640	296	383	837	43
	640	*296*	*383*	*837*	*22,471*
Finance—					
Comptroller of the Treasury	8,404	9,216	9,369	6,072	1,883
Payment of premiums on the purchase of Dominion of Canada Registered Stock	13	14	12	11	8
Wartime Prices and Trade Board—Administration	13,705	12,720	14,753	12,738	6,060
Subsidies due to application of Order placing a ceiling over all prices	81,519	107,338	97,819	88,778	34,500
Advances for payment of drawback claims to millers and other manufacturers of wheat products	20,500	19,700	14,750	26,000	17,000

(7) Included in previous years in Expansion of Industry.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousands of Dollars)

—	1943–44	1944–45	1945–46	1946–47	Estimated 1947–48
	$	$	$	$	$
WAR, DEMOBILIZATION AND RECONVERSION EXPENDITURE—*Con.*					
Advances to the Canadian Wheat Board to cover deficits in certain Board operations	—	13,058	—	(8)	(8)
House Conversion Program	841	4,053	1,764	(9)	(9)
Old Age Pensions, increased benefits	3,062	8,788	(10) —	(10) —	(10)
Halifax V-E Day disorders and explosion					
Payment of claims	—	—	4,610	2,127	.....
Expenses of investigations	—	—	248	161	.....
Sundry	417	1,632	946	988	375
	128,461	*176,519*	*144,271*	*136,875*	*59,826*
Labour—					
Industrial training	3,478	1,632	701	15	.....
Training aircraft mechanics	1,378	333	3	—	.....
National Selective Service program	9,346	11,098	11,268	11,230	(11)
Removal of enemy aliens from protected areas	2,545	2,137	2,203	3,161	.....
Vocational training for discharged members of the Canadian Armed Forces	167	602	4,365	13,049	6,750
Vocational Schools—Payments to Provinces	—	—	607	2,442	3,265
Sundry	2,724	3,877	3,712	2,757	1,721
	19,638	*19,664*	*22,859*	*32,654*	*11,736*
Mines and Resources—					
Prince Rupert — Terrace — Cedarvale Highway	5,750	2,499	8	—	.....
Employment of Japanese	894	511	262	45	.....
Aerial Photography	—	51	572	944	750
Sundry	2,761	2,753	2,633	1,509	1,147
	9,405	*5,814*	*3,475*	*2,498*	*1,897*
National War Services—					
War Charities—Auxiliary services	10,910	15,933	13,070	—	.....
Censorship	1,727	1,856	859	—	.....
Sundry	2,550	8,193	316	29	.....
	15,187	*25,982*	*14,245*	*29*	.....
National Health and Welfare—					
Old Age Pensions, increased benefits	(12) —	(5) —	9,103	9,517	997
Sundry	(13) —	1,340	2,135	157	103
	—	*1,340*	*11,238*	*9,674*	*1,100*
Privy Council—					
Canadian Information Service (formerly Wartime Information Board)	759	1,700	1,229	(10)	.....
Sundry	86	58	43	45	15
	845	*1,758*	*1,272*	*45*	*15*
Public Works	*6,467*	*6,500*	*6,205*	*3,651*	*1,264*
Royal Canadian Mounted Police	*4,267*	*3,709*	*4,775*	*1,896*	*1,584*
Trade and Commerce—					
Gift of wheat to Greece	8,798	6,749	—	—	.....
Sundry	745	670	1,772	682	134
	9,543	*7,419*	*1,772*	*682*	*134*
Transport	*9,941*	*16,433*	*15,013*	*9,723*	*5,675*
Acquisition of airfields and works from United States Government	*66,600*	*18,661*	—	—	.....
Veterans Affairs—					
Treatment—Defence Forces	—	11,449	26,298	50,982	26,940
Pensions—Defence Forces	—	11,939	22,200	33,763	40,945
Additions, alterations and improvements to departmental hospitals, including land purchases	—	5,738	7,371	8,334	6,700

(8) Included in Special Expenditure.
(9) See Department of Reconstruction and Supply.
(10) See Department of National Health and Welfare.
(11) Included in ordinary expenditure (Unemployment Insurance administration).
(12) See Department of Finance.
(13) Included in Pensions and National Health.
(14) Included in Department of External Affairs.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(Thousand of Dollars)

—	1943–44	1944–45	1945–46	1946–47	Estimated 1947–48
	$	$	$	$	$
WAR, DEMOBILIZATION AND RECONVERSION EXPENDITURE—*Con.*					
Veterans Affairs—*Con.*					
Post-discharge rehabilitation benefits.	—	2,468	32,131	96,762	78,300
War service gratuities and re-establishment credits	—	[15] —	239,585	318,325	84,135
Sundry	—	1,165	774	273	5
	—	*32,759*	*328,359*	*508,439*	*237,025*
Pensions and National Health—					
Treatment—Defence Forces	6,456				
Pensions—Defence Forces	5,637				
Air Raid Precautions	1,724				
Post-discharge re-establishment	472				
Sundry	3,663				
	17,952	.....	.....	.....	.....
Other Departments	*1,763*	*2,960*	*2,453*	*2,181*	*840*
Write-off of Air Training Plan Loans and Advances as per United Kingdom Financial Agreement Act, 1946			*425,000*	.....	.....
Mutual Aid (excluding administration)	*912,578*	*792,200*	*766,862*	.....	.....
Military Relief	.....	*50,199*	*34,463*	.....	.....
Canada's Contribution to UNRRA	*55*	*11,093*	*142,852*	.....	.....
Total War, Demobilization and Reconversion Expenditures	4,587,023	4,418,446	4,002,949	1,314,798	634,668
SPECIAL EXPENDITURE					
Agricultural and Relief Projects	3,751	3,869	4,423	4,432	5,665
Prairie Farm Assistance Act, 1939—					
Administration	217	188	327	333	500
Advances to Prairie Farm Emergency Fund	2,578	1,295	12,052	6,597	10,744
Wheat acreage reduction plan—					
Administration	848	261	159	.....	.....
Payments of awards to farmers	30,102	1,707	397	2	.....
Deficits—Canadian Wheat Board	.....	[16]	.....	20,562	31,450
Provision of reserve to meet deficits resulting from the operations of the Canadian Wheat Board not previously provided for	.....	186	.....	.....	.....
Subsidies on oats and barley used as feed for live stock—					
Dept. of Agriculture	.....	.....	.....	.....	13,900
Reimbursement to Canadian Wheat Board for expenses of regulating deliveries of grain—					
Dept. of Trade and Commerce	.....	.....	.....	.....	733
Reimbursement to Canadian Commercial Corporation for expenses in purchasing materials, etc., on behalf of Dept. of National Defence—Dept. of Trade and Commerce	.....	.....	.....	.....	548
Total Special Expenditure	37,496	7,506	17,358	31,926	63,540

[15] Included in ordinary expenditure.
[16] Deficits charged to the War Appropriation in 1944-45.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(Thousands of Dollars)

	1943–44	1944–45	1945–46	1945–46	Estimated 1947–48
	$	$	$	$	$
GOVERNMENT OWNED ENTERPRISES					
Losses charged to Consolidated Deficit Account—					
Prince Edward Island Car Ferry and Terminals	698	773	688	888	932
Canadian National Railways	.....	.....	.....	8,962	15,886
Trans-Canada Airlines	.....	.....	.....	.....	1,370
National Harbours Board	30	59	86	114	137
Total Charged to Consolidated Deficit Account	728	832	774	9,964	18,325
Loans and advances non-active—					
National Harbours Board	579	526	560	718	372
Total government-owned enterprises	1,307	1,358	1,334	10,682	18,697
OTHER CHARGES					
Write-down of assets chargeable to Consolidated Deficit Account—					
Reduction of soldier and general land settlement loans	553	325	36	232	3
Reduction of Veterans' Land Act Advances	.....	.....	.....	129	2,097
Yearly established losses in seed grain and relief accounts—					
Department of Mines and Resources	29	36	45	54	50
Cancellation of Canadian Farm Loan Board Capital Stock	5	1	1	.....	.....
To provide a reserve for possible losses on ultimate realization of Active Assets	25,000	25,000	25,000	25,000	75,000
Provision for reserve for conditional benefits under Veterans' Land Act	.....	.....	464	2,663	4,505
Canadian National Railways Securities Trust Stock—reduction due to retirement of equipment	.....	.....	.....	1,308	1,885
Canadian National Railways Securities Trust Stock—					
Net changes in Dominion's equity in Canadian National Railways	37,838	22,400	22,631	.....	.....
Total other charges	63,425	47,762	48,177	29,386	83,540
Grand Total expenditures	5,322,254	5,245,612	5,136,228	2,634,227	2,199,451

ANNUAL CHANGES IN ACTIVE LOANS AND ADVANCES AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(Thousands of Dollars)

—	Fiscal Years Ended March 31				
	1944	1945	1946	1947	Estimated 1948
	$	$	$	$	$
Loans and Advances					
RAILWAY AND STEAMSHIP COMPANIES—					
Canadian National Railways	Cr. 3,907	83,608	43,614	Cr. 20,521	81,717
Canadian National (West Indies) Steamships, Ltd	.....	.....	Cr. 450	.....	.....
Net Total, Railway and Steamship Companies	Cr. 3,907	83,608	43,164	Cr. 20,521	81,717
SUNDRY GOVERNMENT AGENCIES—					
Canadian Broadcasting Corporation	.....	.....	.....	2,000	.....
National Harbours Board	Cr. 127	8	Cr. 66	151	Cr. 26
Soldier Settlement and Veterans Land Act	Cr. 2,090	3,948	18,677	55,202	35,966
Sundry Crown Companies	63,317	Cr. 16,774	Cr. 20,087	Cr. 49,948	9,146
Sundry Crown Plants, privately managed	57,007	Cr. 10,909	Cr. 4,997	Cr. 41,100	.....
Other	Cr. 11	38	Cr. 40	23,392	Cr. 11,632
Net Total, Sundry Government Agencies	118,096	Cr. 23,689	Cr. 6,513	Cr. 9,763	33,454
Provincial and Municipal Governments	Cr. 437	15,599	Cr. 4,350	Cr. 2,530	Cr. 63,629
UNITED KINGDOM AND OTHER GOVERNMENTS—					
United Kingdom, loan under The War Appropriation (U.K. Financing) Act, 1942	Cr. 42,392	Cr. 55,098	Cr. 63,946	Cr. 95,800	Cr. 111,285
Union of Soviet Socialist Republics—Loan for purchase of wheat	9,083	.....	Cr. 2,500	Cr. 5,000	Cr. 2,500
United Kingdom, Australia and New Zealand—Air Training accounts	5,403	81,586	Cr. 249,50	4Cr. 2	.....
United Kingdom—British Commonwealth Air Training Plan—Settlement	200,000	.....	Cr. 200,000	.....	.....
United Kingdom, food advance accounts	13,244	10,613	Cr. 9,311	Cr. 21,301	.....
Export Credits Insurance Act	.....	.....	67,412	267,983	130,830
United Kingdom Financial Agreement Act, 1946	.....	.....	.....	640,000	368,000
War Supplies, Ltd	Cr. 11,884	Cr. 71,158	.....	.....	.....
Other (U.K. and Other Governments)	16,766	Cr. 4,215	123,308	Cr. 139,114	Cr. 3,314
Net Total, U.K. and Other Governments	190,220	Cr. 38,272	Cr. 334,541	646,766	381,731
MISCELLANEOUS—					
Dominion and National Housing Acts	Cr. 532	Cr. 1,240	Cr. 14,721	.....	.....
Sundry munitions contractors etc., (Department of Reconstruction and Supply)	Cr. 3,964	7,975	Cr. 757	Cr. 10,868	Cr. 610
Sundry Loans and Advances	Cr. 61	Cr. 74	Cr. 74	Cr. 4	4,153
Net Total, Miscellaneous	Cr. 4,557	6,661	Cr. 15,552	Cr. 10,872	3,543
Net Total, All Loans and Advances	299,415	43,907	Cr. 317,792	603,080	436,816

ANNUAL CHANGES IN ACTIVE LOANS AND ADVANCES AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(thousands of dollars)

	Fiscal Years Ended March 31				
	1944	1945	1946	1947	Estimated 1948
Investments					
Central Mortgage and Housing Corporation Capital Stock	.....	.....	25,000	.....	.....
Canadian Farm Loan Board	Cr. 5,005	Cr. 5,001	Cr. 2,401	Cr. 600	100
Canada's subscription to capital of International Bank for Reconstruction and Development	.....	.....	36	48,750	16,250
Canada's subscription to capital of International Monetary Fund	.....	.....	33	299,970	.....
Central Mortgage Bank Capital Stock	.....	.....	Cr. 250	.....	.....
Export Credits Insurance Corporation Capital Stock	.....	500	2,000	.....	2,500
Polymer Corporation, Ltd	.....	.....	.....	42,886	.....
Balances receivable under agreements of sale of Crown assets	.....	.....	.....	13,503	Cr. 1,972
Other Investments	5,521	1,754	770	4,297	Cr. 40
Net Total, Investments	516	Cr. 2,747	25,188	408,806	16,838
Net Total of changes in Loans and Advances and Investments	299,931	41,160	Cr. 292,604	1,011,886	453,654

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1948, AND ANNUAL INTEREST THEREON

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan	Annual Interest Charge
			$ cts.	$ cts.
1948, May 1	5/8	Canada	200,000,000 00	1,250,000 00
July 1	4	Canada	33,293,470 85	1,331,738 83
Sept. 1	5/8	Canada	550,000,000 00	3,437,500 00
Nov. 1	1 3/4	Canada	344,267,000 00	6,024,672 50
1949, Feb. 1	3 1/4	Canada	49,987,650 00	1,624,598 63
Nov. 1	1 3/4	Canada	267,800,000 00	4,686,500 00
1950, Feb. 1	3 1/4	Canada	50,000,000 00	1,625,000 00
Mar. 1	1 1/2	Canada	325,000,000 00	4,875,000 00
Nov. 1	1 3/4	Canada	335,690,000 00	5,874,575 00
Nov. 1	1 3/4	Canada	400,000,000 00	7,000,000 00
1951, Feb. 1	3 1/4	Canada	(1) 50,250,000 00	1,625,000 00
Mar. 1	2 1/2	New York	16,667,000 00	416,675 00
June 15	3	Canada	(2) 649,969,592 50	19,306,027 50
Nov. 15	3 1/4	Canada	60,000,000 00	1,950,000 00
1952, Feb. 1	3 1/4	Canada	(3) 50,500,000 00	1,625,000 00
Mar. 1	2 1/2	New York	16,667,000 00	416,675 00
Oct. 1	3	Canada	324,945,700 00	9,748,371 00
1953, Mar. 1	2 1/2	New York	16,666,000 00	416,650 00
1954, Mar. 1	3	Canada	(4) 676,355,489 00	20,089,767 00
1955, May 1	3 1/4	London	3,854,446 18	125,269 50
June 1	3	Canada	40,000,000 00	1,200,000 00
June 1	3	Canada	55,000,000 00	1,650,000 00
1956, Nov. 1	3	Canada	(5) 855,607,410 50	25,414,081 50
Nov. 1	2 3/4	Canada	391,015,850 00	10,752,935 88
1957, May 1	3	Canada	1,111,261,650 00	33,337,849 50
Nov. 1	2 3/4	Canada	263,530,150 00	7,247,079 12
1958, June 1	3	Canada	88,200,000 00	2,646,000 00
Sept. 1	4	London	2,613,504 07	104,540 16
Nov. 1	4 1/2	Canada	276,687,600 00	12,450,942 00
1959, Jan. 1	3	Canada	1,197,324,750 00	35,919,742 50
Nov. 1	4 1/2	Canada	289,693,300 00	13,036,198 50
1960, June 1	3	Canada	1,165,300,350 00	34,959,010 50
Oct. 1	4	New York	100,000,000 00	4,000,000 00
1961, Jan. 15	3 1/4	New York	48,000,000 00	1,560,000 00
1962, Feb. 1	3	Canada	1,315,639,200 00	39,469,176 00
1963, July 1	3 1/4	London	2,856,821 32	92,846 69
Oct. 1	3	Canada	1,295,819,350 00	38,874,580 50
1966, June 1	3 1/4	Canada	54,703,000 00	1,777,847 50
Sept. 1	3	Canada	1,691,796,760 00	50,753,901 00
Perpetual	3	Canada	55,000,000 00	1,650,000 00
1948, April 9 Treasury Bills	·410	Canada	75,000,000 00	307,500 00
April 23 Treasury Bills	·410	Canada	75,000,000 00	307,500 00
May 7 Treasury Bills	·410	Canada	75,000,000 00	307,500 00
May 28 Treasury Bills	·411	Canada	75,000,000 00	308,250 00
June 11 Treasury Bills	·410	Canada	75,000,000 00	307,500 00
June 25 Treasury Bills	·411	Canada	75,000,000 00	308,250 00
Sept. 3 Deposit Certificates	·625	Canada	100,000,000 00	625,000 00
1950, June 15 Non-Interest Bearing Certificates	.....	Canada	303,215 04	.....
War Savings Certificates	3	Canada	225,866,165 22	6,775,984 95
			15,498,132,364 68	419,593,236 26
Refundable portion of personal income tax and excess profits tax (estimated)	2(6)	Canada	459,248,899 77	4,495,740 52
			15,957,381,264 45	424,088,976 78
Payable in Canada	.....	.....	15,750,056,492 88	98·70%
Payable in New York	.....	.....	198,000,000 00	1·24%
Payable in London	.....	.....	9,324,771 57	0·06%
			15,957,381,264 45	100·00%

(1) Redeemable at 100½ per cent. Amount outstanding includes $ 250,000.00 redemption bonus.
(2) Redeemable at 101 per cent. Amount outstanding includes $5,435,342.50 redemption bonus.
(3) Redeemable at 101 per cent. Amount outstanding includes $ 500,000.00 redemption bonus.
(4) Redeemable at 101 per cent. Amount outstanding includes $6,696,589.00 redemption bonus.
(5) Redeemable at 101 per cent. Amount outstanding includes $8,471,360.50 redemption bonus.
(6) Interest on refundable portion of personal income tax only.

HOUSE OF COMMONS

Wednesday, May 19, 1948

The house met at three o'clock.

PRIVILEGE

REFERENCE TO PRESS REPORT AS TO BUDGET FIGURES ON FOREIGN EXCHANGE POSITION

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, I think I should rise to a question of privilege to correct a press report of the figures which I gave in my budget speech last night with respect to our foreign exchange position. In the Canadian Press report which appears in this morning's newspapers it is stated:

> The country's present foreign exchange reserves are $668,000,000 after drawings of $130,000,000 on the Export-Import bank loan from the United States—

And so on. The actual drawings on the Export-Import bank loan are only $80 million and not $130 million, and the net position is therefore $588 million. I do not blame the reporter. It is no doubt due to the way in which my budget speech was phrased. I gave the figures to the end of March as $607 million, of which $50 million represented drawings upon the Export-Import loan. The figures at the end of April were $668 million, taking account of $30 million drawn in April, or $80 million in all.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 314, for the relief of John Clayton Sturgeon.—Mr. Maybank.

Bill No. 315, for the relief of Alice Deborah Townsend Hawker.—Mr. Croll.

Bill No. 316, for the relief of Rae Bellam Baron.—Mr. Maybank.

Bill No. 317, for the relief of David Ewing Jackson.—Mr. Maybank.

Bill No. 318, for the relief of Olive Turnidge Burns Turner.—Mr. Maybank.

Bill No. 319, for the relief of Dorothy June Wilson Weedmark.—Mr. Maybank.

Bill No. 320, for the relief of Kate Henny Wacker Prengel.—Mr. Maybank.

Bill No. 321, for the relief of Jeanette Racine Garneau.—Mr. Maybank.

Bill No. 322, for the relief of Gladys Gwendolyn Goode Buttress.—Mr. Maybank.

Bill No. 323, for the relief of Gladys Victoria Lewis White.—Mr. Maybank.

Bill No. 324, for the relief of Madge Reynard Lambton.—Mr. Maybank.

Bill No. 325, for the relief of Cornelia Barendrecht Nickel.—Mr. Maybank.

STATISTICS ACT

DOMINION BUREAU OF STATISTICS

Right Hon. C. D. HOWE (Minister of Trade and Commerce) moved the first reading of Bill No. 326 (from the senate) respecting the Dominion Bureau of Statistics.

Motion agreed to and bill read the first time.

CANADA EVIDENCE ACT

JUVENILE DELINQUENTS—WIFE OR HUSBAND AS WITNESS FOR PROSECUTION

Right Hon. J. L. ILSLEY (Minister of Justice) moved the first reading of Bill No. 327 (from the senate) to amend the Canada Evidence Act.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

R.C.A.F. BENEVOLENT FUND

Mr. McKAY:

1. What was the amount of the Royal Canadian Air Force benevolent fund on (1) September 30, 1945; (2) March 31, 1948?
2. What are the yearly charges for the administration of this fund?
3. What have been the disbursements and receipts with regard to the benevolent fund for each year since its inception?

Mr. LAPOINTE: The Royal Canadian Air Force benevolent fund was incorporated on the 1st April, 1944, under part II of the Dominion Companies Act. It is supported by contributions from service personnel and others interested, and is not administered by the Department of National Defence. However, the following information has been obtained from the corporation's annual reports:

1. 31st December, 1945, $1,875,565.31; 31st December, 1947, $3,194,368.03.

2. 1944, nil; 1945, $1,583.54; 1946, $18,252.68; 1947, $39,657.38.

3. Disbursements: 1944, nil; 1945, $33,319.50; 1946, $112,076.53; 1947, $195,299.73.

Receipts: 1944—on incorporation $574,748.03, during year, $260,667.71; 1945, $1,122,116.94; 1946, $1,449,373.28; 1947, $276,401.19.

AFTON-BAYFIELD-SUMMERSIDE RURAL MAIL SERVICE

Mr. BLACK (Cumberland):

1. Did the Postmaster General or the Post Office Department receive a petition from eligible residents along the proposed rural mail route at Afton-Bayfield-Summerside in Antigonish county, Nova Scotia, objecting to the establishment of such route?

2. If so, how many persons signed such petition?

3. Do they represent fifty per cent or more of the eligible residents?

4. Is a rural mail service being established? If so, when will it start operating?

5. Who is the courier and what remuneration is he paid?

Mr. BERTRAND (Laurier):

1. Yes.

2. Petition has 76 signatures.

3. Not known.

4. It is proposed to establish rural mail delivery service when 50 per cent of eligible residents have purchased and erected boxes.

5. Proposed contractor is John James Jones, at $1,100 per year.

FERRY STEAMER "PRINCESS HELENE"

Mr. BERTRAND (Laurier): A few days ago another question was asked by the hon. member for Cumberland (Mr. Black) concerning the steamer *Princess Helene*. I did not have the answers ready and therefore asked that the question be made an order for return. I find that the answer is ready and I therefore ask that I be permitted at this time to file the answer to that question.

Mr. BLACK (Cumberland):

1. Has the ferry steamer *Princess Helene* been taken off bay of Fundy service, Digby-Saint John, for a period from April 26 to May 18 this year?

2. Is there a contract for conveying the western mail to and from Digby, Yarmouth and such points via this route?

3. What provision has there been for conveying the mail when the *Princess Helene* is off duty during this period? Has it resulted in delays?

4. What is the contract price per year for conveying such mail and for subsidy for operating the steamer?

Mr. BERTRAND (Laurier):

1. Yes, for annual overhaul.

2. Yes. Contract with Canadian Pacific Railway under order in council P.C. 1473 of 6th March, 1945.

[Mr. Lapointe.]

3. During suspension of ferry service mails usually conveyed by the steamer have been routed by railway. This results in delay in some instances.

4. Contract price is 50 cents per mile. Actual payment made during fiscal year ending 31st March, 1948, was $13,500.

No subsidy is paid.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LIVE POULTRY—EXPORT PERMITS

Mr. WHITE (Middlesex East):

1. What are the names and addresses, by provinces, of the holders of export permits for live poultry to the United States for the years, 1945, 1946, 1947 and to date in 1948?

2. What quantities of live poultry were exported by each permit holder, by months, in the years 1945, 1946, 1947 and to date in 1948?

Mr. McILRAITH: Return tabled.

DIMITRI DONTZOW

Mr. DIEFENBAKER:

1. When was Dimitri Dontzow, now a resident of Montreal, admitted to Canada?

2. What was he doing during the second world war and in what countries was he working and for whom?

3. Is he now engaged in work for the government; if so, what?

4. Has he taken any steps towards securing Canadian citizenship and, if so, what action has been taken thereon?

Mr. GIBSON (Hamilton West): Return tabled.

RAILWAY COMMITTEE

REFERENCE TO REPORT OF PROCEEDINGS ON BELL TELEPHONE BILL

On the orders of the day:

Mr. JEAN FRANÇOIS POULIOT (Temiscouata): Mr. Speaker, it is unusual but I have a correction to make in the minutes of proceedings and evidence of the standing committee on railways, canals and telegraph lines which studied the Bell Telephone bill. The committee has reported to the house that it will not sit again, and therefore this is the only way I can make the correction.

On page 48 of the proceedings, speaking to Mr. Macaulay, I am reported as follows:

Mr. Pouliot: Make it the best you can and I would be satisfied with your answer, because you have a nice face.

I never said that. I paid a much higher tribute than that to the gentleman. I said "because you have an honest face," which is a great tribute to this man.

INCOME TAX

INQUIRY AS TO EXEMPTION OF DONATIONS TO MEMORIAL FUNDS AND ARENAS

On the orders of the day:

Mr. G. K. FRASER (Peterborough West): I should like to direct a question to the Minister of Finance. Has any consideration been given to allowing exemption from income tax for donations to memorial funds and arenas in the different towns and cities across the country?

Hon. DOUGLAS ABBOTT (Minister of Finance): Mr. Speaker, this is a question of law. Under the Income Tax Act as it stands, donations for charitable purposes are exempt from income tax. The question as to what is or is not a charitable donation has been determined by a long line of cases and I think it is pretty well known. I understand that there have been some administrative directions that contributions to purely local undertakings which might qualify as charitable undertakings would not be allowed. That was discussed by officials of the department of my colleague, the Minister of National Revenue, and myself, and it was decided that charitable donations include donations to undertakings which may be of a purely local character. Whether an individual memorial hall is eligible or not I am not going to say here; but I do say that donations of that kind can be, and in a good many cases would be, proper donations for charitable purposes and as such deductible for income tax purposes.

FISHERIES

PROHIBITION OF EXPORT OF FISH LIVERS

On the orders of the day:

Hon. J. A. MacKINNON (Minister of Fisheries): The hon. member for Skeena (Mr. Archibald) and other hon. members asked questions on Monday last about the prohibition of export of fish livers. The hon. member for Vancouver East (Mr. MacInnis) also addressed a question to me.

As I indicated, the Department of Fisheries is not the department directly responsible for the orders in council in this matter. The Department of Trade and Commerce advised fisheries that the oils and fats administrator, following conversations and representations between officials of the Department of Fisheries and the wartime prices and trade board, had recommended that export permits be granted freely on vitamin oils. Strong representations had been made to the administrator for some time by the west coast industry—both the co-operatives and the processors—favouring the removal of export permit control on oils. It was pointed out to Fisheries that this action would discriminate against fishermen unless export permits were granted also for unprocessed livers. If export permits were denied for raw livers, the fishermen would not gain entry to the high-priced United States market as would the processors for the vitamin oils.

In considering this matter it should be noted that the United States rate of duty on vitamin oils is relatively low compared to duties on, say, canned salmon—halibut liver oil, 10 per cent; cod liver oil, free; soupfin shark and dogfish liver, 5 per cent plus one cent per pound. It appeared to us, therefore, that the processors should be able to meet United States competition for the unprocessed livers and to pay Canadian fishermen competitive prices for the raw livers. Accordingly, in the interests of the industry as a whole, this department recommended that if vitamin oils were to be exported freely, the raw material should be treated likewise. Therefore, the oils administrator agreeing, the Department of Trade and Commerce, through its representative at Vancouver, informed the industry "that export permits for fish liver may be freely granted until further notice."

Although permits have been issued freely, controls are still in effect on these products, and if this step recently taken is demonstrated to be having a detrimental effect upon the industry, the whole matter can be reconsidered.

NATIONAL HOUSING

AMENDMENT WITH RESPECT TO POWERS OF APPROVED LENDING INSTITUTIONS, ETC.

The house resumed from Monday, May 12, consideration of the motion of Mr. Howe for the second reading of Bill No. 280, to amend the National Housing Act, 1944.

Mr. A. M. NICHOLSON (Mackenzie): Mr. Speaker, when I was speaking the other day I tried to indicate that legislation which the Minister of Trade and Commerce (Mr. Howe) is now sponsoring in the house is quite inadequate, taking into account the housing needs of the Canadian people, our material and human resources. I should like to support my views by referring to opinions which have come from quite a wide variety of individuals and organizations.

In the first place I should like to mention the Engineering and Contractor Record for February, 1948. This record contains a

report of the thirtieth annual meeting of the Canadian construction association. The President, Mr. Albert Deschamps, O.B.E., in his presidential address attached a good deal of importance to housing as one of Canada's most important programs. I was interested to note that the Minister of Trade and Commerce has his picture in this issue. The Minister of Labour's picture appears four or five times. One of the most significant resolutions passed at the convention was the one dealing with low-rental housing. This group of men cannot be accused of being socialists, but they went on record as follows:

Low Rental Housing

Whereas inadequate housing has brought widespread conditions of substandard living, disease, family breakdown, moral and spiritual deterioration to a large segment of our Canadian people, creating Canada's most serious social problem, and,

Whereas the costs of labour and materials make it impossible to provide housing at rentals within the reach of low income families, and,

Whereas the critical need of housing for low income families has been acknowledged by dominion, provincial and municipal governments, and,

Whereas with the exception of aid to veterans through Wartime Housing Limited, the assistance necessary to meet the critical housing needs of Canadian low income families is being denied because of lack of co-ordination among the three levels of government, federal, provincial and municipal, and,

Whereas continued postponement of co-ordinated housing action by the three levels of government, in the face of their acknowledgment of the critical need, is weakening our Canadian democracy and providing fertile fields for the seeds of disunity and communism, and,

Whereas our people cannot afford any further delay in co-ordinated measures to provide low rental housing without ever-increasing danger to the Canadian way of life,

Therefore be it resolved that this association urge upon the federal, provincial and municipal governments the immediate necessity of a clear definition of their respective responsibilities and their immediate co-operation in providing housing for low income families through the establishment of a national long-term low rental housing program in keeping with the financial needs and abilities of the Canadian people and the availability of labour and materials.

And further, that this association recommend that, in such a program, full consideration be given to recognized principles of low rental housing such as the creation of local housing authorities—on a metropolitan basis in the larger centres—with due representation to competent agencies to determine family need; rent reduction funds; construction of multiple type dwelling units; slum clearance; community planning; rural housing and research on building materials and techniques.

And further, that this association emphasize to the dominion, provincial and municipal governments its considered belief that they cannot afford to permit any further postponement of co-ordinated measures to provide low rental housing for low income families without seriously endangering our Canadian way of life.

[Mr. Nicholson.]

Several weeks ago I brought to the attention of the minister the desire expressed by the organization of mayors to have a conference at which representatives of government at these three levels might be brought together. The minister has stubbornly refused to take the initiative in convening representatives of the provinces and cities and towns to meet with the federal authorities and see if some solution of the problem cannot be worked out.

I might mention that in the *Christian Science Monitor* for May 17, which reached our desks yesterday, there is a leading story on the front page headed, "Taft housing bill aided by picture of overcrowded cities." The article goes on to say that housing conditions in one city are so acute that 70,000 families are living doubled up, with 30,000 married war veterans holed up in rooms, cabins, shacks, trailer camps or poaching on friends or in-laws. Then it says this was the picture presented to members of the house banking and currency committee, which is holding hearings on this housing bill, by George Edwards, president of the common council of the city of Detroit, who described conditions in his city but claimed he could have been talking about any one of thirty-two other cities where studies of bad housing conditions have been made. In his evidence Mr. Edwards said:

A free democratic economy should set its sights on raising income levels or reducing costs —or both—to the point where every family can afford to live in a decent house.

The witness went on:

Not necessarily a new house—just a house which meets minimum standards of health and decency. A house to live in—not a house to dream about.

I submit that the Minister of Trade and Commerce could now formulate in Canada a program which would make that objective a reality during his lifetime, not during the lifetime of his children or grandchildren—a decent house for every Canadian family.

I also have before me the report of the hearings before the committee on banking and currency of the United States senate on March 31 and April 1. I was interested in the brief presented by Right Reverend Monsignor John O'Grady, who is executive secretary of the national conference of Catholic churches. He was spokesman for quite a number of national organizations, such as the American association of social workers, the

American association of university women, the American council on education, the home economics association, the American veterans committee, the association of Jewish centre workers, the national conference of Catholic charities, the congress of parents and teachers, and so on. Right Reverend Monsignor O'Grady pointed out the general principles that these representative American organizations thought should be fundamental in carrying out a housing program. He said:

> Implicit in any national housing objective is the goal of a decent home and a suitable living environment for every American family. As a corollary but equally important goal is the development of a stable and health home building industry which can make its full contribution toward a prosperous economy of maximum and sustained production and employment.
>
> There should be a national housing policy—established by the congress—which sets as a fundamental objective the realization, as soon as feasible, of the goal of a decent home and a suitable living environment for every American family, which calls for every feasible aid to enable private enterprise to meet more of the total housing need, and which clearly recognizes the necessity for federal assistance for the special problem areas of slum clearance and the provision of adequate low rent public housing for families with incomes so low that they cannot otherwise be decently housed in new or existing private housing.

In bringing down their specific program they called for housing research; for incentives and aids directly related to the construction process; for home ownership generally; for home ownership through non-profit co-operative housing; for central housing; for low rental housing; and they state again the obvious fact which has been recognized long before this in Canada:

> The stark fact is that, despite years of congressional and other investigation, there still has been advanced no alternative program that will provide decent housing within the means of our lowest income families. There must be an unhesitating and unequivocal rejection of any housing program that will provide aid for all except those who need aid the most. Accordingly, there must be an extension of the present low rent housing program with such modifications as are necessary to adapt the program to current cost and related conditions.

Then they emphasize the need for slum clearance and urban re-development, for housing for veterans, and for farm and rural housing. If the minister will not act on the suggestions which have come from this section of the house, I would urge him to act on the suggestions coming from the annual meeting of the construction association of Canada and the opinions expressed in Washington before the senate banking and currency committee on behalf of so many representative organizations.

I had planned on making reference to two of the public housing developments I visited in the United States some time ago, those in New Haven and the East river district of New York city, but time will not permit me to say more than that the rents charged in these low-cost, subsidized housing projects were at a minimum rate of $15.50 per month up to a maximum rate of $19.50. The houses are all fireproof, well constructed, with frigidaires, electric lights and so on. Every unit gets sunlight at some time of the day. They are well ventilated, and playgrounds are available to the children. Compare the condition in New Haven and New York with the capital city of Canada, for example. The federal government has made available to the city of Ottawa a number of buildings. The leader of this group and a number of other interested citizens visited Wallis house, one of these housing units, and the story certainly is not one of which members of parliament or Canadians generally can be proud. The group included the leader of this party, the hon. member for Rosetown-Biggar (Mr. Coldwell), Donald C. MacDonald, president of the Ottawa East C.C.F. club; Pat Conroy, Doris French and Allan O'Brien, members of the Ottawa East club, and J. E. McGuire, member of the Ottawa West club. They found conditions to be shocking.

Mr. HOWE: On a point of order, Mr. Speaker, the federal government has nothing whatever to do with the operation of Wallis house, and I suggest that any discussion of that matter is entirely out of order.

Mr. NICHOLSON: I made it clear that these buildings are not being operated by the federal government.

Mr. HOWE: Then what has the subject to do with this bill?

Mr. NICHOLSON: I mentioned that the federal government made the buildings available to the city of Ottawa. These buildings are used to house some of Canada's veterans and other Canadians who have come to Ottawa, and the federal government cannot say it has no responsibility for housing in this federal area.

Mr. HOWE: I do say so, and I press my point of order. My hon. friend is discussing a matter of housing in which the federal government has no participation whatever. It made the building available to the city. The building is a good building. How the city treated it has nothing to do with this bill.

Mr. MacINNIS: We are dealing with a housing bill, and although it may not come under this particular measure, we have to have

some understanding of the housing situation generally if we are to know whether the bill is capable of meeting conditions. I suggest that is what my hon. friend has been doing.

Mr. SPEAKER: I would call the attention of hon. members to the fact that the bill before the house is an act to amend the National Housing Act, 1944.

Mr. PROBE: We are speaking of the same bill.

Mr. NICHOLSON: If the minister was following me—

Mr. HOWE: I do not mind my hon. friend entering into municipal politics, but I prefer that he do not do so on this bill.

Mr. COLDWELL: We are dealing with housing; the hon. member has been giving an example of housing conditions in the capital area, and I submit that he is within his rights in doing so. He is not dealing with municipal problems. This is a national problem, reflected in the Ottawa area by the conditions the hon. member has described, and I think what he has said supports his argument.

Mr. HOWE: He could very well spend his time on some other phase of it.

Mr. NICHOLSON: I was trying to point out that the federal government should be meeting representatives of the provinces and the municipalities to discuss these very problems. If the minister objects to my discussing these disgraceful conditions in the city of Ottawa, I will—

Mr. RICHARD (Ottawa East): I object. On a point of order, I do not think it is necessary to single out any particular example—

An hon. MEMBER: They are all over Canada.

Mr. RICHARD (Ottawa East): —in the city of Ottawa or any other place. Wallis house is no worse than anywhere else, and I do not think it is bad at all. The hon. member should be called to order immediately. He should stick to the bill.

Mr. HOWE: Tell us about the housing in your own home town.

Mr. PROBE: We want to try to remedy the present conditions.

Mr. SPEAKER: May I call the attention of hon. members to the explanatory note in the bill. It states:

> Section 3 of the National Housing Act has been rewritten to add to the powers of approved lending institutions the power to invest funds in the purchase of mortgages from the corporation. The mortgages referred to are those which may result from sales to Wartime Housing units and from direct loans made by the corporation under section 31A of the act and which the corporation may sell under section 3B(3). The amendment in addition allows approved lending institutions to purchase an interest in such mortgages from the corporation.

That is the principle of the bill before the house, and I think hon. members should confine their remarks to that principle.

Mr. NICHOLSON: I shall be obliged to conclude my remarks, Mr. Speaker, as my time is almost up. The leader of this group visited Wallis house and may a little later take the opportunity, before the debate is over, to reply to the hon. member for Ottawa East, who apparently is of the opinion that housing conditions in Wallis house are quite good enough for the Canadian people.

Mr. RICHARD (Ottawa East): On a point of order, I said nothing of the kind. What I said was that Wallis house has nothing to do with this bill, and that the hon. member should show us an example in his own riding.

Mr. NICHOLSON: Before my time expires, I should like to move an amendment. I would call Your Honour's attention to the amendment moved by the hon. member for Weyburn (Mr. McKay), at which time Your Honour mentioned that in form it was a declaration of principle, which can be moved on second reading of a bill but not on a motion to leave the Chair.

I now move in amendment, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

> That Bill No. 280 be not now read a second time but that it be resolved that in the opinion of this house the government should give consideration to providing subsidized low-rental housing.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I had not intended speaking on this bill, but it does deal with housing generally for the people of Canada. In my opinion the bill is entirely inadequate. It does not do what the Canadian people want. It will not build any low-cost houses. What it actually does is to guarantee insurance companies and other financial institutions against certain losses that they may incur in connection with the loans they make. I suggest, sir, that that will not provide the Canadian people with housing.

We have heard a great deal about the necessity for low-cost housing. That necessity exists in acute form in every part of Canada. I agree with the hon. member for Ottawa East (Mr. Richard) when he says that

perhaps one should not single out any particular area for condemnation on account of bad housing conditions. They exist from one end of the country to the other.

Mr. RICHARD (Ottawa East): On a point of order, I never said there were bad housing conditions in Ottawa.

Mr. COLDWELL: The hon. member says he did not say there were bad housing conditions in Ottawa. I want to tell my hon. friend, since he challenges my statement, that—

Mr. RICHARD (Ottawa East): I did not challenge anybody's statement.

Mr. COLDWELL: My hon. friend says there are no bad housing conditions in Ottawa. I have seen housing conditions in this city that are a disgrace to Canada. I did see Wallis house in the winter. I do not know what has been done about it in the meantime, but I saw that overcrowded condition. The condition of garbage pails lying all around that building, where I saw children playing on a Saturday afternoon, was a scandal to this country, to this government, and to the municipal authorities of Ottawa. Any hon. member, whether he be a municipal officer or a member of the House of Commons, who rises in his place to defend that kind of thing is not a fit representative either of a municipality or of the country as a whole.

Mr. RICHARD (Ottawa East): On a point of order, I am not going to allow any hon. member to put words into my mouth. I did not say it was good or bad housing, and the hon. member cannot put those words into my mouth.

Mr. SPEAKER: Order. I would call the attention of hon. members to the fact that they should speak only once on second reading of a bill. It is not proper for hon. members to speak back and forth across the floor, or for one hon. member to interrupt another who has the floor.

Mr. RICHARD (Ottawa East): I was rising on a point of order.

Mr. IRVINE: What is the point of order?

Mr. RICHARD (Ottawa East): The hon. member said that any person who said such a thing was not fit to be a member. I want to know if that implies I am not fit to be a member.

Mr. COLDWELL: The hon. member can put his own interpretation upon my words.

Some hon. MEMBERS: Withdraw.

Mr. SPEAKER: Order.

Mr. RICHARD (Ottawa East): You made your own coat.

Mr. COLDWELL: I have said nothing I need to withdraw. I said that any hon. member—and I repeat it—who defends the kind of housing conditions which can be found from one end of this country to the other is not a fit representative of a municipality, a province or the dominion.

Mr. RICHARD (Ottawa East): I defend it.

Mr. COLDWELL: In discussing this bill hon. members have a perfect right to expose the deplorable housing conditions which exist in this country.

Mr. PROBE: Certainly; why cover it up?

Mr. COLDWELL: We have to face the fact that thousands of people from one end of the country to the other are living under conditions which are unfit for decent Canadian citizens, people who with their families are in overcrowded areas where the children cannot be brought up in a proper manner. Anyone who will read the statements made by the judge of the juvenile court of this city of Ottawa will see that he has said on more than one occasion that delinquency is caused by these bad housing conditions; and he has mentioned some of the projects we have discussed here this afternoon. So that when my hon. friend is criticized for referring to a condition which is right under our noses, I say it is time we took notice of what is going on around us.

I will say this, that I do not think these conditions are peculiar to the city of Ottawa. They can be found in Toronto; they can be found even in my home city of Regina. They can be found in Vancouver. As I said once before in the house, I have seen slum conditions in Halifax that are as bad as or worse than any I saw in London thirty or forty years ago. We have to face these facts. It is all very well to talk about a housing bill, but it is only going to build houses for well-to-do people. What group of people in this country can afford to pay $75 a month for a housing unit?

Mr. HOWE: How much do you pay yourself?

Mr. COLDWELL: I am in the happy position of having an income which enables me to pay a rental of around $100 a month.

Mr. HOWE: People like you and me have to live too.

Mr. COLDWELL: I beg the hon. gentleman's pardon?

Mr. HOWE: We have to have houses too.

Mr. COLDWELL: I know we have houses, but I say to the minister that if you have

sufficient income you can get a house. According to the last census, eighty-two per cent of the people in this country had incomes of less than $2,000 a year.

Mr. HOWE: You mean the 1941 census?

Mr. COLDWELL: Of course it is higher now, but even that will not help so much. The social service workers give 20 per cent as the appropriate portion of income that should be paid for housing. I do not know what the average income of this group is today, but I suspect it is not much higher. But suppose we put it at $2,400 or $2,500; twenty per cent would be $500, or just over $40 a month.

Mr. HOWE: Fifty per cent of rental housing in this country rents at $40 or less.

Mr. COLDWELL: But look at the housing. How many houses renting at $40 or less have the proper sanitary conveniences?

Mr. HOWE: Most of them.

Mr. COLDWELL: No, they have not.

Mr. HOWE: I know of over 30,000 we built ourselves that qualify.

Mr. COLDWELL: You can go through this country from one end to the other and find that even in the larger centres sanitary arrangements are absent in the lower rental houses. For example, in the city in which I have lived for a large part of my life I know that there are extensive sections where the houses have no sanitary conveniences. When you go into the smaller towns and villages throughout the country you find that these are entirely absent.

When we are discussing housing we should discuss not only the good houses we are going to build, but also the poor houses we should eliminate. They should be considered along with the plans we have for better class housing.

I intend to vote for the amendment moved by my hon. friend, particularly since you, Mr. Speaker, have indicated that it could be moved on second reading. My hon. friend has taken you at your word.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, we have heard the minister's speech and we have read the minister's bill, but I feel we must pronounce the speech and the bill, particularly the bill, wholly inadequate. A sure-fire weapon against communism is an adequate housing program. A really adequate housing act is the best general-purpose tool for the building of a nation's human resources, as to numbers, as to health and as to morale. The national housekeeping of any country should have as its aim the purpose which a bird has when it sets up its nest. The bird intends to fill her nest with fledglings, and our national housekeeping should aim at filling the Canadian nest with fledglings.

One thing has struck me about our discussions in the house on housing. In a general way they seem so detached, so doctrinaire, and so leisurely. It is time that Canada stopped theorizing and day-dreaming and vaporizing and went to work to get results which are commensurate with Canadian needs. When war broke out we did not have a lot of vaporizing and doctrinaire discussion in the house. The ministers went to work to get results. They got results. They did not come back to the house every once in a while to tell us why they could not get results. The minister himself was one of the first in the nation to get results. We cleared the way so he could get results. He got results during the war. He did not come back here and tell us why he could not do so.

I will grant that there are many difficulties in the way. I am not blaming the minister overmuch under the circumstances, but I think the time has come for a showdown, not only on the part of the government but on the part of hon. members of the house as a whole. We are simply not getting results, and the nation is deteriorating. All the evidence that we can adduce proves that there are far too few houses now in Canada, and yet we are bringing in tens of thousands of immigrants. It has been shown in this debate that we are not building enough houses in the country to supply the needs of the newly formed families; what will the situation be in a few years after so many immigrants will have been brought into the country? We simply have not the time to do what we call in the west fooling around. The situation is serious.

I have been impressed by some of the things that have come over an interesting radio program called, "What is your beef?" Some weeks ago a woman in Toronto complained that she, her husband and three children were living in an attic to which they had to carry their water. Not very long ago a man in Montreal reported that he had read all the advertisements for houses and found that every single one of them said that no children were wanted.

I do not desire to reflect on Ottawa, but this illustration is right under our noses. A man named Rudy Lacasse, who had lost both legs in Holland as a result of a mine accident, reported on March 18, 1948, that he was living in a little upstairs room with an outside stairs in Rockcliffe. Both he and his wife want to adopt a child, but the agencies responsible for letting out children refuse to grant a child

when there is only one room in which to cook, eat and sleep. The other day in Ottawa a young woman with a beautiful child five years of age was asked by a friend if she did not wish she had another baby. She said, "There is certainly no use thinking about another baby with the housing situation as it is in Ottawa." This condition is affecting our birth rate. I do not wish to become a crank about this matter, but it should be recognized that this nation is in a contest for survival, and its survival may well depend upon the number of children that are born and raised within the next twenty years. We cannot afford to permit any condition which tends to decrease our birth rate.

As has been brought out by the hon. member for Rosetown-Biggar (Mr. Coldwell), the conditions under which many of our people are living are such as to destroy their emotional and moral health. Emotional and moral health are two things we simply cannot afford to sacrifice. Far too many of the toilers and the taxpayers of tomorrow—I hope this can be understood by the government—apparently they understand only things that work out to dollars and cents—far too many of the toilers and the taxpayers of tomorrow, and far too many of the fighters of the future cannot now find where to shelter their infant heads throughout Canada; nor have the children wholesome places where they can play while growing up.

The housing shortage is even deterring people from marrying.

What can be done about it? I have very little use for the person who complains of a condition without offering some constructive proposal. I submit what seems to me to be a proposal worthy of consideration at this time. In the first place the minister simply must use subsidies. Next he must stay on the job until the housing battle in Canada is won.

Mr. BENTLEY: We do not want him that long, do we?

Mr. BLACKMORE: I think he is as good a man as we can find anywhere. But someone is standing in his way. I understand that one prominent member of the administration has said that he would not continue to be a member of it if subsidies were used for housing. I suggest to the cabinet that unless they can change that man's mind the sooner they get rid of him the better. If we have to decide between a certain minister in the cabinet and decent housing in Canada, it should not take very long to decide between them.

The minister longs for private enterprise to fill the gap. May I point out that the government through its policy for the last twenty years—not only this government but every government in the dominion—has utterly destroyed any hope of success for private enterprise. After all, any social agency must have conditions in which to work which will not render its success impossible. The present financial arrangements do render it utterly impossible for private enterprise to succeed in providing housing.

The government insists on using only debt finance to run the business of this country, federal, provincial and municipal; consequently every bit of money has to be raised by taxation. The provincial sources of revenue are altogether too meagre for the heavy responsibilities the provinces have to bear, and the municipalities are placed in the worst position of all because their only source of revenue is taxation upon real estate. What does this mean? It means that the better the house a company or private individual builds, the more taxation he has to pay in the community, and if the taxes continue heavy when he is unable to derive a revenue sufficient to meet them, he loses ownership of the property. This has happened throughout Canada.

I am reliably informed that in the nineteen thirties fifty per cent of the properties in Edmonton became city property against the will of the city of Edmonton itself, simply because the people who owned them were unable to pay the taxes. Who with the money to invest would put his money into houses and run the risk of having that condition duplicated against him in the next ten years? It is a matter of plain common sense. How can you expect men with money to put their money into houses after you have treated them in that way?

There was some hope when the war broke out that private enterprise in housing, having suffered terrible losses during the depression, might be able to recoup its losses. But what happened? In came wartime controls, rental controls, and control of every other aspect of housing, thus preventing those who had sustained losses in the depression from recouping. The result is that they are out even in wartime. I am not saying that controls were not necessary in the interests of our citizenry; I merely point out what occurred In addition, if a man happened to make any money he was a victim of the income tax collector. Moreover we have exceedingly high building costs and a wide variety of restrictions on builders, restrictions for sanitary reasons, for fire protection, for the

quality of houses in a given area, and so forth. How can a government consisting of intelligent people, how can the minister who claims to be practically intelligent, expect private enterprise to step into a certain loss by building houses under those conditions? The minister might just as well count private enterprise out, until he builds up a situation in which private enterprise has a chance to succeed. The government's policies have warned or driven off private investors from housing, and private enterprise will not be easily reassured.

What shall we do in this emergency? I say that we might as well count private enterprise out, not because of any weakness in private enterprise but because of weakness in the government's way of managing this nation.

First as an emergency measure we must resort to public enterprise, using subsidies freely until the people are provided with suitable houses and until venture capital in this country can regain confidence. We may have to have community-owned and operated homes, large apartment houses such as they have in Stockholm, Sweden; because housing has now become in effect a public utility. A public utility is something which the public must have; if private enterprise cannot supply it, public enterprise must.

An hon. MEMBER: Are you advocating socialism?

Mr. BLACKMORE: No. I point out to my friends of the C.C.F. that the conditions which they have supported have rendered it impossible for private enterprise to succeed, and now they are foolish enough to blame private enterprise instead of the system which prevents it from working. If the C.C.F. would only take time to think this thing through they would stop blaming private enterprise and put the blame where it ought to be—on the financial system.

Second, we must endeavour to encourage the pioneering spirit and individual resourcefulness among Canadians until we have revived private enterprise. This principle should be laid down that every man in Canada should own his own home or should have the opportunity of being able to own his own home. If he has not that opportunity, then it is the business of the governments of Canada to change their system and see that he has. In the old days our fathers used to hold housing bees to build houses for the newly married couples. They realized that there was a certain amount of community responsibility for setting up young people. Why should we not have community effort today to help young people get started?

[Mr. Blackmore.]

Third, we must change our system of public financing to remove the intolerable burdens from the backs of would-be private providers of housing. I have indicated what these intolerable burdens are, and I shall not go into them in detail now. But they must be removed.

I would like to see the minister introduce a new housing act, because this one is so tragically inadequate, to meet the situation. This act provides for the building of houses for only those who do not need houses provided for them, and neglects seventy-five per cent of our population who simply are unable to get the houses the government are undertaking to build. I propose therefore that a new housing act be introduced, and I suggest to the minister that he take that suggestion into serious consideration. I would call this new measure "An Act for Enabling the Rehabilitation of Canadian Housing". I would like to see in it provisions for, first, honeymoon houses; second, cradle-roll houses; third, senior citizens' housing, and fourth, housing for the financially underprivileged throughout the land, who number hundreds of thousands.

Unless definite provisions are made to remove the difficulties which surround these four groups I have indicated, then it is hardly worth the time of the house to discuss the housing act.

What should be the methods of financing on the part of the government? There are several different methods, but I would suggest these. The government might lend to needy people who are willing to build houses or to buy, and it should subsidize so as to enable them to buy and have houses at reasonable rates; the dominion should provide money through the Bank of Canada, lending through one or other of the chartered banks, one of the banks being selected for each given area.

I would suggest that the money so provided be interest free, that the principal be amortized at the rate of five per cent per year over a twenty-year period, and that a service charge be made for covering the loan, which would amount to two per cent per annum..

Of this service charge I would suggest that the dominion pay 1½ per cent and the province pay ½ per cent. The provinces would be willing to do that, I should hope. It may be argued that such a thing has never been heard of in the history of the nation. Well, even if it had never been heard of, is there any reason why we should not adopt it? Radar had not been heard of until the last war, but it was adopted and was used with magnificent success. Why should we be so much afraid of trying to do something that has never been done before? We are faced with a set of circumstances never known before. Why not adopt some measure that has not been used previously?

I understand, however, that a bill somewhat similar to what I suggest, the Municipal Assistance Act, was passed in the thirties, providing money for self-liquidating projects. The rate was two per cent; I am told that not a dollar was lost in the province of Alberta as a result of the loans made under that act. I do not see any reason why a house should not be a self-liquidating project, if it is managed right.

I suggest that the act should provide for an organization similar to this: let the dominion call together representatives of the provinces and establish a dominion-wide agency which shall be responsible both to the dominion and to the provinces. Then let the provinces in a general way be given supervision over and apportionment of the money which would be advanced by the dominion government in response to the request of the municipalities for housing. Then let the municipalities plan for and supervise the building of the houses and of the repayment of the loans.

These are merely general statements but I believe they lay down a sound policy. Only the other day when the Prime Minister brought forward his health scheme he made a great departure from the past. He said in effect: we will grant money to the provinces with which to rehabilitate the health of their people; they can take the money and invest it or spend it, whichever way they see fit, only let it be remembered that they are to spend it for the health of the people. Why should not the same principle be applied in connection with housing? Surely housing is an important element in the health of the people!

I suggest that the following general guiding principles be laid down in the act: These are emergency principles not necessarily to be applied in future years after we have got out of the particular difficulty in which we now find ourselves.

First I would lay down the principle that all materials should be bought from the factory and distributed at cost. Next, all possible facilities should be used unreservedly. Aluminum for example should be exploited to the full as a building material. All technological skills recently discovered should be employed and applied just as we employed and applied them in conducting the war. We should use prefabrication to the fullest possible extent necessary in order to cope with the situation facing us. We should allow the underprivileged to build a step at a time.

I am sure all hon. members have seen young folks start out with a little lean-to; after they paid for it they built another little lean-to; after a while they built another lean-to behind it, and in due time they had managed to build a house. In this way they were able to save rent and apply the rent to the building of a house, and they had the joy of building their own home.

This principle is sound. I do not think it is a good thing to have people get houses put right in their hands. One of the greatest joys I have had in my life was in building a house with my own hands, notwithstanding the fact that I did not know how it was done. There was fun in learning how to do it. There are thousands of our young folk who would be happy to build on that basis.

The objection will be raised immediately: Well, the cities have building rules, and they will not allow houses of less than a certain value to be built in certain areas. Very well. If the people in the cities are determined to put quality of housing before the needs of the people, they must make up their minds in that regard. In the meantime, however, if the cities insist on houses up to certain standards, why should not the cities, since they are concerned, prepare plans with the people who are to build, allowing them to use their own initiative under the supervision of the very best trained architects that can be found, and with their guidance? Let the couple start to build a house, beginning with the basement or part of the basement, having a definite plan, so that by the time they finish the building, over a fifteen or twenty year period, their home will be up to the standard required in the area in which they are building.

If the people in these select areas are so "choosy", if we may use that expression, that they cannot bear to see young people grow up in those areas, then it is terribly bad. But I do not believe there are many people in Canada who are so far removed from the facts of reality that they would persist in an attitude which would prevent young people from starting to build their own house.

The next principle should be the centering of responsibility for any hold-ups that may occur. Then there should be merciless publicity. Speaking from my superficial investigation of the problems that confront the minister, I can assure him that I know something about them, and I know they are mean, ugly problems. They range all the way from deliberate failure on the part of certain provincial governments to co-operate, people who should have better sense, right down to disinclination to co-operate on the part of little townships outside a city, and a great many other things—threats on the part of certain unions to refuse to work, and so on.

These bottlenecks should be discovered and exposed mercilessly. There should be broadcasts telling the people of Canada exactly who, in the province of Manitoba or Ontario, or in any other given province, is holding the building program up, and why. I think that sort of publicity would soon produce a co-operative attitude which now is far from existing. There is too great an indisposition to co-operate throughout Canada.

People have failed to realize that housing is a Canadian problem, a problem that affects every individual of every province. It affects the provinces as well as the dominion government, and no agency in Canada can be expected to solve it if all the people of Canada do not get behind that agency and give the assistance needed.

Certain objections will be raised to the plan I offer. I fancy I shall hear someone say that it will cause inflation if we render available millions of dollars to the people to build their own houses. Well, did not the minister the other day call for the entry of private enterprise into the housing picture? If the dominion government, let us say, were to lend $500 to a young couple with which to build a house, how could there be any more inflation in that procedure than there would be if a private company spent the $500 in building the house? The money would go out into circulation just as thoroughly in one case as in the other. Therefore, if it were sound for private enterprise to build houses so far as inflation is concerned, it would be sound for the federal government to provide the money for the houses for the people.

My proposal may be said to impair the position of those who have invested in housing. I can imagine a good many people who have spent large sums of money saying: Well, if the government does that it will ruin our investment. I do not believe that. The people who would be aided by the building proposals which I have made, would be people who will not be able to buy or rent without the help I propose. How it could possibly affect those who had money invested in housing I fail to see when less fortunate people are now unable to rent their houses.

It will be argued that this kind of proposal will prejudice the position of labour. I like to see labour protected; I like to see their interests safeguarded, but these little low rental houses and these cheap houses for ownership by the people are not now being built anyway. The government, in helping the people to build their own houses, would certainly not be depriving labour of any of the work which they would now be able to get. The government would be simply providing for building the houses that labour is unable to build at the present time. I fail therefore to see how my proposals would prejudice the position of labour.

It will be argued that my proposals would seriously affect the wholesalers and retailers. I have suggested that the government, in co-operation with the provincial and municipal governments, buy directly from the producers the materials which are to be used, the cement and other things, for the building, and distribute them wholesale. Why it would be argued that the wholesalers would be hurt thereby I fail to see, because the people for whom we would be providing for building the houses are people who would not be able to buy the materials from the wholesalers and retailers anyway. It is the underprivileged people about whom we are concerned.

I would say this in a general way: The Canadian people everywhere must realize that the housing problem must be solved—and, "must" is the word. It is simply idle prattle to be everlastingly talking against communism and allowing the continuance of a housing condition, which is breeding communism every day. Why not be realistic about this thing? People must come to realize that a solution can be found only through the co-operation of all those concerned, which includes all governments, dominion, provincial, and municipal.

Finally, the people must learn that they must supplement the efforts of governments by community and co-operative action such as was common among our fathers in days long ago. The service clubs and the various community clubs can do a great deal to help remedy this situation if they see fit so to do.

A statement appeared in the Ottawa *Citizen* of May 17 which I think it would be fitting to read into *Hansard* at this time. It is called: "The $35 a month home" and has a subheading as follows: "Only by subsidies can it be built, say Canadian builders." The article was written by J. L. E. Price, M.E.I.C., chairman of the low-cost housing committee of the Canadian construction association. It reads as follows:

> The provision of new living accommodation within the means of families in the lower income brackets is still as much as ever the most involved of all of our post-war reconstruction problems.
>
> It is a problem, says Mr. J. L. E. Price, M.E.I.C., chairman of the low-cost housing committee of the Canadian construction association, that grows more pressing and more difficult day by day as time goes on—more pressing because the demand for low-cost shelter is constantly increasing in step with the growth of population, and more difficult because of constantly increasing labour and material costs.

Generally speaking it is conceded that not less than 75 per cent of the present back-log of demand for housing emanates from families in the lower income brackets, that is to say from families financially incapable of paying more than $35 per month at the very most for the homes they occupy—and many of them far less than that—without depriving themselves of many of the normal necessities of life. From this it naturally follows that—theoretically at any rate—three out of every four of the new living units now being built should properly not cost the occupant more than $35 per month to rent or carry.

Actually, since V-J day, only about ten per cent of all the new living units made available could be rented or carried for $35 per month or less, the great majority of these being war-time houses built for veterans.

Over-all progress in the production of new living units since the war ended has been just about all that could reasonably be expected, with labour and materials conditions as they have been. All things considered, we have done well in this respect and this fact demonstrates that our trouble lies not in lack of capacity to produce but rather in the nature of what is being produced. The real source of our trouble is that we have been, and still are, utilizing about 90 per cent of all of our house-building resources to build new living accommodation which is beyond the financial means of 75 per cent of the people who are in need of it.

It is as obvious as anything ever could be that unless definite action is taken to reduce this unbalanced situation in the housing field, wages are bound to go on rising. There can be no dodging this issue. We either have to devise ways and means of making living accommodation available to people in the lower income brackets at rates which they can afford to pay, or reconcile ourselves to the inevitable necessity to go on increasing the wages of these lower income groups. Whether we like it or not, we are going to be compelled to follow one or the other of these alternative courses.

The only conceivable means of bringing new living accommodation within the means of low income groups lies in subsidization and common sense dictates that no plan of subsidization will ever be successful unless it is based on co-operative action on the part of the dominion, provincial or municipal governments along predetermined lines, making possible the development of a practical formula which could be quickly applied in solving the problem of providing living accommodation within the means of low income families in all parts of the dominion.

Mr. MacNICOL: May I ask the hon. member a question? I did not hear him very clearly. What did he say was the monthly rent?

Mr. BLACKMORE: The monthly rent was $35.

Mr. MacNICOL: It is too high for the ordinary low-bracket wage earner.

Mr. BLACKMORE: According to Mr. Price, seventy-five per cent of those who require houses are unable to pay more than $35 a month.

Mr. MacNICOL: That is right.

Mr. BLACKMORE: That is my point. Even the twenty per cent which has been referred to as the normal reasonable percentage of a person's income which ought to be spent on housing is an outrageous figure. I do not think that a person getting $1,500 a year can pay twenty per cent on housing and still get the necessities of life.

We have a good example of successful housing in Stockholm, Sweden. The city builds its people houses. There is an article in the *Christian Science Monitor* which tells how Stockholm has provided thousands of low-rental apartments with state aid and finance for 500,000 of Sweden's 6,000,000 people. First there is a community building corporation.

Mr. MacNICOL: Does it give the rental rate?

Mr. BLACKMORE: I will come to that. There are also several co-operative building associations and several community building associations. The corporation finances five per cent of each apartment house for rental.

There is a rental rebate for children under sixteen. For example, for every child under sixteen there is a rebate of ten per cent of the rent. The initial rate of rent is $360 for a three-room flat with kitchen and bath. According to this arrangement a family with three children would be paying only $250 a year rent for the kind of accommodation I have indicated, while a family with five children would pay only $180 a year. I submit, Mr. Chairman, that that is a proposal which sounds something like common sense. If a nation like Sweden, with limited resources at its disposal, is able to find such a way of solving its housing problem, what can be said of its failure to do so of a nation like Canada with the vast resources which we have at our disposal?

Mr. MacINNIS: They have a socialist government in Sweden.

Mr. BLACKMORE: It is all right to talk about socialism. We can use the methods adopted there without going socialist.

Mr. MacINNIS: But they will not.

Mr. BLACKMORE: The point is we can. There is not a thing in this Swedish proposal that could not apply to the city of Ottawa, not one single thing, without going socialist. It is just plain common sense. It has been done for hundreds of years.

Mr. KNOWLES: That is socialism.

Mr. BLACKMORE: Well, some aspects of socialism make common sense, but others certainly do not.

The question will be raised immediately, "Have we the labour available?" Last evening the Minister of Finance (Mr. Abbott) said we were short of labour, that we had used up our resources. I say that simply is not the case. We are not using the labour supply we have at our disposal. Just to show, for instance, the situation that obtains in the city of Ottawa, I have in my hand a letter dated May 19, 1948, prepared and sent to me by Mr. Redverse F. Pratt, manager of the national employment service here. In this letter he says:

> I may say I am not able to give you the figures for May, but I am giving you the figures as of July 31, 1947; the 45 to 64 age group, 517; and the total live file, 1,804.

That is the number of people in the city of Ottawa who were seeking work on that date.

> The April 29, 1948, figures: age 45 to 64, 575; total live file as of this date, 2,113.

I do not see why many of those people who were unemployed as of those dates could not have been employed in putting together prefabricated houses, for example, or in driving nails and sawing boards, if they were under the supervision of someone who knew his business and who was working on a scientifically prepared plan.

Then the question may be asked, have we the materials in Canada? My inquiries have satisfied me that we have reached the point where we have plenty of materials if we choose to use them. We might not have all the iron or steel pipe we would like, but vast numbers of the people of Canada, in fact by far the greater percentage of them, have grown up without ever having had steel or iron pipe in their homes. There never was a bit of steel or iron pipe in my home from the time I was born until I left, and there has been none since; but my father and mother raised thirteen or fourteen children, and the boys were able to go to war when the time came; they have been able to make a living.

Therefore I see no reason why we could not be building without steel pipe in many parts of Canada. Why should we give up house building simply because for the time being we are short of steel pipe?

If we would be realists in this matter we would not allow problems of this kind to hold us up. Let us permit the people to build the houses they can build with the material we have available. Let us make available to them loans with which they can build, at rates which will permit them to pay off their loans in the course of a few years. Let us provide them with means such that, with good, hard, earnest work and thrifty living, they may come to own their own homes.

[Mr. Blackmore.]

Mr. ANGUS MacINNIS (Vancouver East): I should like to say a few words in support of the amendment moved by the hon. member for Mackenzie (Mr. Nicholson). I think it is conceded on all sides that the core of the housing problem in Canada at the present time, as it has been for a long time, is low-rental housing. I believe it is also conceded that we are doing very little to remedy that situation. There is an assumption, which I believe is apparent in the bill now before us, that if we build homes for people in the middle or upper income brackets the benefits will seep down to those in the lower income groups. I believe that assumption is a myth, that it just will not happen; because long before there is sufficient seeping, that section of the community that can pay for homes, either in purchase price or in rent, will have been saturated, so we just cannot remedy the situation in that way.

In a report made in January of this year the Vancouver housing association pointed out that at the end of 1946 there were 4,400 active applications for wartime housing on file with the emergency shelter administration in that city, while today that number has increased to 6,600. That is not solving our housing problem.

Almost all organizations and associations interested in social welfare and community work and, as has been pointed out this afternoon by the hon. member for Mackenzie, even the Canadian construction association has gone on record saying that the only thing which will meet the present situation is low-rental housing. In the report of the Vancouver housing association which I mentioned a moment ago, it says that in recent months the following organizations, among others, have come out in support of subsidized low-rental housing: the Canadian federation of mayors and municipalities; Canadian construction association; Canadian Legion; national council of women; Canadian welfare council, and the community planning association of Canada. These are important organizations in our country, and I believe they have some understanding of the country's housing needs.

In my opinion Canada's housing policy is becoming more and more a policy of guaranteeing the interest on the investments of those who have money to invest, and less and less a policy of building houses for people who need homes. Let me quote the Minister of Trade and Commerce (Mr. Howe). I have in my hand a copy of *Public Affairs* for October, 1947, a Canadian quarterly published by the institute of public affairs

of Dalhousie university. The first article is by Right Hon. C. D. Howe, Minister of Reconstruction and Supply. It gives a fairly comprehensive review of the housing situation as at that time, and the situation has not changed much, if at all, since. He deals with the housing problem under various headings, and I should like to quote briefly from two paragraphs to show that the minister himself understands quite clearly what the nature of the problem is and, I think, how it must be met. Referring to low rental housing, he said:

It is contended that the municipalities and provinces are not in a financial position to assume this additional load on the scale that is required so the dominion will have to do so. It is also contended that the dominion will have to assume a larger share of the cost of slum clearance.

I do not think there is any doubt whatever that the cities and municipalities cannot carry the load. I do not say they have no responsibility; I agree that they have, and that there are certain things that the cities and municipalities could do. Similarly most of the provinces are not able to carry the financial load that would be involved. Then the minister continued:

The dominion takes no dogmatic stand on these matters. In its proposals to the dominion-provincial conference in August, 1945, it invited the provinces to consider the various aspects of low rental housing and slum clearance. In the absence of agreement on dominion-provincial relations at that time, the provisions made in the National Housing Act respecting low rental housing, subsidization of such housing, and slum clearance have been allowed to stand unchanged.

The question of the responsibility for the failure to come to agreement on financial arrangements at the time referred to, in 1945, has been discussed in the house on many occasions. I shall not go into that phase of the matter now; but I would point out that seven of the provinces reached an understanding and signed a financial agreement with the dominion. If the two remaining provinces refused to enter into an agreement, in my opinion that is no reason why the government should not indicate its willingness to enter into an agreement with the seven provinces in the matter of housing and also in respect of many other matters. However, at the moment I am confining my remarks to housing.

Then, almost at the conclusion of the article the minister proves conclusively what I said at the beginning of my observations, when he states:

Housing will be a problem for quite a few years, even if actions looking toward its solution develop favourably.

And actions are not developing favourably. He states:

Accommodation has been and is being provided; but the hard core of the problem—low-rent housing—has barely been touched. Until a steady flow of low-rent units is started, no Canadian can feel satisfied with what is being accomplished.

The minister was speaking as Minister of Reconstruction and Supply. Stating his opinion in clear terms, he said—and let me repeat it:

Accommodation has been and is being provided; but the hard core of the problem—low-rent housing—has been barely touched. Until a steady flow of low-rent units is started, no Canadian can feel satisfied with what is being accomplished.

It is because the amendments before us do not provide for that steady stream of low-rent housing we are proposing that the bill be not now read a second time, but that a bill be brought before us which will provide for low-rental housing.

Mr. H. W. TIMMINS (Parkdale): Mr. Speaker, I have spoken on second reading of the bill, but I should like now to speak briefly with respect to the amendment now before us.

The bill provides actually for only two things: first of all, rent insurance, which is a new feature and a new expedient in respect of housing procedure in Canada. There is no use in labouring the matter of rent insurance. Those of us on this side of the house do not think it will succeed, nor do we think it goes far enough along the way of providing for immediate housing—because immediate housing is the answer to the problem with which we are now dealing.

The second matter covered by the bill is that of some amendments to the limited-dividend housing part of the bill. The minister himself says that it has not been successful. It has not provided the kind of low-rental housing that had been expected. In other words, so far as I know—and the minister will correct me if I am wrong—there have not been any municipalities that have really taken hold of that section of the act or that have implemented a plan which has been proceeded with for the purpose of providing low-rental housing.

The amendment offered by the hon. member for Mackenzie (Mr. Nicholson) states that in the opinion of the house the government should give consideration to providing subsidized low-rental housing. We can go along

part of the way down the garden path with the spirit of the amendment, but we cannot support it.

I have an amendment to the amendment which I propose to move, seconded by the hon. member for Lincoln (Mr. Lockhart). I move:

That all the words of the amendment after the word "that" be struck out and the following substituted therefor:

"That the government should forthwith enlist the active co-operation of the provincial and municipal governments for the setting up in municipalities which have need of them of local housing authorities to provide low-rent housing for veterans who cannot afford present economic rentals, and for the purpose of clearing slums and re-housing families living in slum accommodation."

The fact of the matter is that almost all governments of Canada are seized with the necessity for immediate housing and for co-operation in respect thereto. In Ontario at the present time an election campaign is in progress, and I have been pleased to see that Mr. Robinette, one of the leaders, a gentleman who might easily have been leader of the Liberal party in Ontario, has taken time out to speak respecting the subject of housing. This is what he had to say:

Mr. Farquhar Oliver would soon announce a new Liberal housing plan for Ontario if elected. It will call for the provincial government to assume the municipal taxes on new houses for a period of four years, if they are built by individuals on their own property.

This is an innocuous sort of platform for a party to have. However, I am not criticizing it. I am simply saying the thought is there in the mind of a Liberal leader in the Ontario election. He says the Liberal party has some ideas in connection with providing housing.

Then, we have the bill brought down by the Premier of Ontario, one of the sections of which reads something like this:

We shall participate with municipalities that wish to take advantage of the federal low-rental housing plan. Under these proposals the federal government offers to build houses for rent on land supplied and serviced by the municipality. The cost of the land and services to the municipality is not to exceed $600 per house. The municipality also receives a payment in lieu of taxes which is frequently less than would be paid if the house were assessed and taxed in the usual way. Many municipalities have indicated that they wish to take advantage of this plan. In several places, the financial burden placed upon the municipality has been a deterrent. In order to reduce this burden we shall offer to pay one-half of the cost of land and services to the limit of $300 per house and to the present limit of 10,000 houses. Thus we are renewing in principle the offer made to the federal government in 1944 when we offered to contribute one-half of the equity in low rental housing. The cost of this might thus amount to $3,000,000.

There is another evidence of the willingness of a government to co-operate with a federal administration in respect of low-rental housing. What is said in the brief extract I have just read was exemplified the other day in the township of North York where a group of young businessmen, who know their way around in respect of housing, went before the council of that township and said, "We have a plan. We know where we can get land, and we are prepared to build a large group of houses right away". The township of North York said that they did not want them in the municipality, that in a sense they were a menace because they would cost the township too much money through having to provide school facilities and sewage services. They told them that the township had no sewage disposal plant and that they would have to rely upon the city of Toronto. They told them that they had better go back to the city of Toronto and get it to take on their proposition.

That is the sort of run-around which has been going on for some considerable time. My thought and the thought of this party in moving the amendment to the amendment this afternoon is to suggest something immediate, something practical that can be brought into force in the not too distant future. The fact of the matter is that, while the municipalities are anxious to get houses, they cannot afford them. They have to pass the problem on to the province and in turn the province must solicit the leadership and help of the federal government. To my mind it is a simple problem, a problem which could be solved quite easily with some leadership from the minister and his department.

The minister has said all this himself. He said it in his address the other day. We are back to the position where we are asking that the whole matter should be brought to a head in the immediate future, that a conference should be called and that these matters which are pressing upon the municipalities should be dealt with in a practical way. As I mentioned the other day, some seventy-nine municipalities in Canada had negotiated contracts with the Department of Reconstruction and Supply with respect to 12,000 veterans houses; but, as far as the completion of negotiations and the doing of the work is concerned, only some 8,000 houses have emerged. In other words, the municipalities found themselves in the position where they could not carry through.

This simply typifies the situation throughout Canada. The parties must get together and arrange a low-rental housing plan. We in this

party do not care whether it takes the form of capital investment. I know perfectly well that at some time in the future the minister intends that there shall be capital investment for this purpose. We do not care whether it takes the form of rent reduction or the form of a contribution. The fact of the matter is that none of the other levels of government can proceed without the leadership and help of the federal government. The amendment I have moved reads:

That the government should forthwith enlist the active co-operation of the provincial and municipal governments for the setting up in municipalities which have need of them of local housing authorities to provide low-rent housing for veterans who cannot afford present economic rentals, and for the purpose of clearing slums and rehousing families living in slum accommodation.

The purpose of this amendment is to assist the municipalities and the provinces in bringing this matter to an immediate and practical head.

Mr. J. E. MATTHEWS (Brandon): Mr. Speaker, when speaking outside this chamber I have on various occasions gone out of my way to extol the calibre of federal members irrespective of party. I have no regrets for having done so, but I confess a measure of disappointment at the unfairness that has characterized a great many of the addresses on the housing situation. I am still more disappointed because of the sources of a large part of that criticism.

To hon. members at large it must have been disappointing, almost pitiable in fact, that few of the critics gave voice to one constructive, practical thought. I must name the hon. member who has just taken his seat (Mr. Timmins) and the hon. member for Lethbridge (Mr. Blackmore) as noted exceptions. How many hon. members even ventured to suggest what they would have done had they been minister of reconstruction during the last few years?

It is because of that unfairness, because of that pettiness, shall I say, that I raise my voice in support of the efforts of a minister who, all through the dark years of war, almost at the sacrifice of his own life, and right up to the present hour has given every ounce of energy in his being to further and safeguard the interests of the people of Canada. We must not forget that the minister of reconstruction has a record of achievement simply astounding in its proportions, a record which I feel free to say not another man in Canada could have excelled and few if any could have equalled. I cannot leave unchallenged some of the unfair remarks that have been directed toward his work and the work of faithful officers in his department.

As we all know, during the war there was practically no residential building carried on. Many buildings already erected were not kept in repair because of lack of materials. Construction was confined to those mammoth projects which were erected with feverish haste all across Canada for military training and administration. During those years we were not interested in the building of homes. Instead of that, we concentrated on saving the homes we had, by winning the war and to that end supplying our soldiers with food and fighting equipment.

When hostilities ceased our first anxiety was to get those men who were spared back to their loved ones. Everyone realized the difficulties in that regard because of lack of shipping. Everyone realizes also that the conversion of war plants into peacetime production was no short process.

During this debate there have been repeated references to the Curtis report which attempted to set an objective for post-war building. I am wondering how many of those who participated in that report were actual builders, and how many were academic in their experience. No doubt all were actuated by the best of motives, but did they realize back in 1943 how great would be the changes in economic conditions following the war? It is because of those changes, completely and unavoidably unforeseen, that I suggest the Curtis report has become outmoded and can no longer be regarded as an authority.

But apart altogether from the Curtis report, here we were in this situation at the close of the war. There was no reserve of building material from which to draw, none whatever. Therefore men had to be secured to go to the logging camps and fell the trees, others in many cases to transport the lumber to the mills. Men who understood mining had to be secured to dig the coal, others to dig the ore, others to man the cement plants, and the quarries.

But in their simplicity, or is it simplicity, one would think, to hear some of those critics talk, that on the evening when hostilities ceased there was some magic button which the minister could have pressed, and pronto, the very next morning there would have been lumber and steel, yes, even nails, in fact an unlimited supply of all materials in every lumberyard and hardware store in the country. However, there was no magic button, but rather an avalanche of hard, stern facts confronting the minister at that time.

The Curtis report set a target of 750,000 housing units to be erected in ten years; that

is from September 1, 1945, the day when hostilities ceased, up to September 1, 1955. That would mean, on a pro rata basis, 187,500 in two and a half years up to March 1, 1948. That was the target. Has it been reached? Well, some hon. members will recall that the minister stated in this chamber about ten days ago that in the first two and a half years 200,000 units in round numbers had been completed, with about 40,000 more partly completed; and this was accomplished, may I remind the house, notwithstanding the delays, the unavoidable delays, to which I have referred, in getting started in the first place.

So where does the criticism come in? Is it because the minister is exceeding the Curtis report? That is how it would appear. From some speeches we have heard, one can imagine the gloating criticism that would have been forthcoming had he fallen below the Curtis objective. The Curtis report suggested 375,000 units, when taken on a pro rata basis, in the five years up to September 1, 1950. The minister has expressed the belief that we shall continue to exceed that objective in the future as we have exceeded it in the past. I believe every member of this house, right down in his heart, appreciated the statement made by the minister, plain, straightforward, unequivocal, with neither boast nor bluster. In his statement at that time we were told that, of 77,000 units actually completed in 1947, there had been 22,000 built for rental, under various forms of government sponsorship, National Housing, Wartime Housing, Emergency Shelter, V.L.A., et cetera.

The other 55,000 units were for home owners. It has been proudly said that a man's home is his castle, and to me there could be no more promising sign of national stability than for Canadian people to prefer to own their own homes. I believe that, in so doing, they should receive every encouragement. Surely there are none who have persuaded themselves into the belief that the government should have taken over the whole building program, and should not have permitted any citizen even in democratic Canada to build a home for himself. I sometimes wonder.

In that connection may I say that there comes to me every month, and perhaps to many hon. members, a small but excellent publication, known as *The Scene,* from Shingwauk Farm. It is published at Bracebridge, Ontario. An article in the last issue contains two paragraphs which I desire to quote:

> The housing shortage in Ontario today is due to three things—the scarcity of satisfactory material, the scarcity of satisfactory labour and the fact that it does not pay to build houses to rent.

> There are probably more than 20,000 people in Ontario today who are financially able and are prepared to build houses for themselves to live in as soon as satisfactory materials and labour are available. If the government steps into the market and grabs off the materials and labour to build 20,000 houses, it will only mean that 20,000 private citizens will have to defer their building plans until the government is through. Will the government's 20,000 houses do any more to relieve the shortage than a like number of privately built dwellings would have done? Certainly not.

Mr. Speaker, I would suggest that the writer of that article must be himself a builder, because he certainly has the faculty of hitting the nail right on the head.

It was interesting to me to hear the other evening an hon. member for whom I have the greatest respect name several towns or cities in Ontario that want houses. One wants 100, another, twenty-five; another, fifty, and so on. Well, who is preventing them? I am sure it is not the government. I can tell the hon. member about a small town or village in my own constituency that also wanted houses. Those who needed the houses got busy and built them, and when I was in that town a few months ago there were over a hundred houses in course of construction, some nearing completion, others just begun. The parties building those houses were not wealthy in the ordinary meaning of the word; but, better than that, they were endowed with a wealth of thrifty habits and independent thinking. They did not go to their neighbours demanding assistance, by insisting that those neighbours pay higher taxes to the government in order that the government, by the granting of subsidies, would assist in the building of those homes. Nothing of the kind. And I can well understand that those hundred families living in their own homes, the result of their own work, their own savings, and their own planning will be much happier and more contented than if living in homes built or subsidized by any government agency. This has no reference, of course, to cases where permanent residence at any point is improbable and where individual building might therefore be unwise.

The taxpayers of Canada know from experience what subsidies mean. They know that every dollar thus raised comes out of their own pockets, be they rich or poor.

We hear reference occasionally to New Zealand's building program. Who would withhold — certainly not I — the slightest credit for the good work done in that country, even though it does fall far below what has been accomplished in Canada? However, what is the situation in New Zealand according to what would seem to be reliable reports? A statement issued recently by

Prime Minister Fraser indicated that last year New Zealand had built 9,500 units, and in the last three years 31,000 units, not 200,000 in two and a half years, as has been done in Canada. On a basis of population, as someone has pointed out, that means in New Zealand fifty-three units, and in Canada seventy-five units, for each 10,000 population, a lead of almost 50 per cent in favour of Canada. Incidentally I understand that in the United States the building units per 10,000 population range between sixty-five and seventy.

An Ottawa paper carried recently an article by Isabel Atkinson, dated at Auckland, New Zealand, in which she said:

> There are 56,000 unfilled applications listed for state houses in New Zealand and there are said to be five new applications made for each one filled. Without any new applications it would take several years of construction to satisfy the demand existing now, even if the current objective, 10,000 to 12,000 state houses a year, is achieved.

I have before me also a booklet issued recently by the New Zealand veterans. They, too, are having housing troubles. There they have only a 50 per cent priority in the allocation of government-built houses. In Canada the veterans have a 100 per cent priority on all rental projects sponsored by the government, the allocation being made on a point system.

The veterans point out that the cost of construction in New Zealand has increased 56 per cent from 1939 to 1946. How much more it increased last year I do not know. The veterans point out further that this colossal rise in costs is viewed with the greatest concern and that for the government to increase their "rehabilitation loans" would have no beneficial effect. In their own words:

> Indeed it would only accentuate the present rising costs.

That, Mr. Speaker, I would say, is an indication of realistic thinking, and certainly it touches on a vital point here as well as in New Zealand. It is always possible in any country, whether in building or in some other activity, that because of mounting costs governments and individuals alike are compelled to call a halt. I sincerely trust that common sense may forestall any such eventuality in the building program in this country, even though the present outlook in that respect is not promising. However, that is more an individual than a government responsibility.

We all remember back in the gloomy days when Churchill sent forth that challenging appeal that aroused and electrified the allied nations: "Give us the tools and we'll finish the job." The Minister of Reconstruction and Supply and his department may with almost equal force issue their challenge to the Canadian people, "Give us the materials at anything like reasonable cost, and we'll finish the job".

I understand that the national research council are right now making investigations into the possibilities of adopting new methods, and to some extent new materials, in order to facilitate our building program, and that actual experiments in building are now being made in accord with those new advances of the research council. Let us hope that they may prove successful.

Another commendable feature is the increasing desire on the part of provinces and municipalities to co-operate with federal housing agencies in the sounder, and more harmonious, planning of subdivisions. Much can be done in this regard to ensure more attractive grounds and lawns than would be the case if it were left to haphazard methods. Among other well appointed projects based on sound community planning, the following may be regarded as outstanding:

Willingdon Heights, Vancouver
Renfrew Heights, Vancouver
Dicconson project, Edmonton
Wildwood project, Winnipeg
Bellwood project, London
Brant Court, Burlington
Yorkminster, Toronto
Mann Avenue, Ottawa
Benny Farm, Montreal
Beauport, Quebec
Rockwood, Moncton
Westmount, Halifax

Architects, officials in charge, and all concerned, are certainly to be congratulated on their efforts to make those properties attractive in their design, and therefore a source of greater pleasure to the residents.

It is said that those who were endeavouring at one time to locate a monument to Sir Christopher Wren were told to "Look around". I would suggest to certain hon. members that they remove from their eyes the coloured glasses of political bigotry and that they, too, look around. Look around Ottawa, if you will, with its expansive newly built areas extending far into the suburbs on either side. Look around Toronto, east and north and west, where it may almost be said that new cities have arisen overnight. Broaden your vision still further by means of travel. Visit every province in Canada; visit many cities and towns; visit those hundreds of municipalities that have co-operated with the department in a worthwhile building program. Visit them from coast to coast and look around. Then, and then only, will you gain some adequate idea of the tens and tens of thousands of homes that have been erected all across this country, in the short period of two and a

half years since the war ended. Consider the tremendous amounts of material that have been made available for their construction, and then tell me where in all Canada you could have found a minister who would have done a better job. When I say Canada, indeed I speak of a territory too restricted, for it is a recognized fact that, according to population, Canada leads the world in post-war housing.

So I say to the minister, disregarding the critic and the cynic, continue your building efforts largely along the lines that in your good judgment and with your wide experience appear to you as best. The people of Canada have unbounded confidence in your ability and your integrity. They are proud of your clean, unsullied record, free from even any suspicion of wrongdoing. They recognize and appreciate the dynamic energy with which you are so richly endowed. So carry on.

Right Hon. C. D. HOWE (Minister of Reconstruction and Supply): Mr. Speaker—

Mr. McLURE: Mr. Speaker—

Mr. HARRIS (Danforth): I hope the minister is not speaking to conclude the debate.

The ACTING SPEAKER (Mr. Golding): The hon. member for Queens wishes to speak.

Mr. HOWE: There is a subamendment and an amendment to the main motion. I am speaking to the subamendment.

The ACTING SPEAKER (Mr. Golding): The hon. member for Queens will speak after the minister has finished.

Mr. HOWE: Mr. Speaker, I think I should say a word about the amendment and the subamendment, but first I wish to thank the hon. member for Brandon (Mr. Matthews) for his kind remarks about the minister, the first I have heard with regard to housing, and I must say in that connection I think he has made the only sensible speech on housing that I have heard.

Mr. MacNICOL: That is tough on the rest of us.

Mr. HOWE: I appreciate the contribution which the hon. member made.

I wish to say a word about the amendment and the subamendment. Of course the amendment to the motion is a negation of the subject matter of the bill. Both the amendment and the subamendment are want of confidence motions. The amendment simply says that we should not go into committee on the bill but that the government should consider subsidized housing. The government has considered subsidized housing. It has built subsidized houses, and I could give an interesting illustration. In co-operation with the government of Saskatchewan the government contributed buildings and large sums of money to convert those buildings into comfortable apartments. The management of the buildings was left to the province of Saskatchewan and the rentals collected are the property of the government of Saskatchewan. That would be an excellent place for a socialist government, which gives lip service to subsidized housing, to practise a little of what it preaches. What are the facts?

Rentals for the housing, largely paid for by the federal government, operated by the socialist provincial government, are somewhat higher than in corresponding localities in the rest of Canada. That is a clear indication that our socialist friends love to give lip service—

Mr. NICHOLSON: Give the rates.

Mr. HOWE: I will let you look them up.

Mr. NICHOLSON: You are making a statement. Back it up.

Mr. BENTLEY: Substantiate your statement.

An hon. MEMBER: Give the figures.

Mr. HOWE: I know the figures.

An hon. MEMBER: Give them.

Mr. HOWE: I know the facts.

Mr. BENTLEY: You have made a statement you had no right to make.

Mr. HOWE: No right to make?

Mr. BENTLEY: No.

Mr. HOWE: Did you hear the hon. member for Mackenzie (Mr. Nicholson) comparing incomes of 1941 with rentals of 1948? Was that a fair comparison? He had the figures for 1947; there was a census in 1946. You had better just calm down and take it.

We know all about subsidized housing. The difficulty with subsidized housing is that it does not build any more houses. A fair comparison of the situation arises in the wartime houses built in the period from 1942 to 1946. We built a great number of houses, several thousand of them, to rent at $22 a month for the four-room house, and up to about $27 or $29 a month for the six-room house. These rents are very much below economic rents today, and yet the rental in most of these houses has not changed.

The problem arises in allocating the houses. How do we allocate them? We allocate them

on a very strict point system that can work for veterans. It depends on the number of months overseas, and the number of children in the family. The more children the more points. Various other service items enter into it. The result is that the man who can qualify with the number of points gets the house for $22 a month, while the man who cannot qualify has to pay perhaps twice that. Hon. members say that is very unfair. I agree, but it is workable where you have military service which can be reduced to the point system. But how could it possibly work for civilians? You have 10,000, 20,000 or 100,000 subsidized houses to apportion fairly among the civilian population. That is the practical difficulty.

What would be the advantage of subsidized housing? I have already pointed out that money has very little to do with the houses we build. The hon. member for Parkdale (Mr. Timmins) made a great gesture. He said the government should appropriate $100,000,000 to build houses. The government has been doing just that. Since the housing program was started in 1942, the government has actually invested something like $283,000,000 for housing by way of loans and direct construction. Hon. members will find in the estimates this year something like $78,000,000 for housing, which is in addition to the amounts appropriated through the Central Mortgage and Housing Corporation, covered by mortgages. Money is not the difficulty today. Any individual who wants to build a house can borrow probably up to 90 per cent of the cost of that house, if it is a low-cost house.

Mr. HARRIS (Danforth): Too much!

Mr. HOWE: I know; it is too much for prudence; nevertheless we hope to get houses built. Any city that wants the government to build houses has only to ask for it. The requirement is that the city must furnish the serviced land, provided that the cost of doing so does not exceed $600. If it is more than $600 the government pays the difference. The government of Ontario have intervened and they say that, while that may be too much for some municipalities, they will share half of the cost with the municipality. So in this province the cost of providing serviced land for houses has been reduced to $300 per house, and yet we have no signs, as far as Central Mortgage and Housing is concerned, that that effort by the province has increased the number of applications from Ontario towns and municipalities by a single housing unit. In other words, it is not a matter of money.

We would gladly have built more houses last year had we been permitted to do so by the cities in which the houses would have been built. We entered into a program to build 12,000 rental houses this year, apart from any other plan under the Wartime Housing plan. The applications are falling far short of that. We are building houses wherever we have had an application.

Mr. TIMMINS: Will the minister say why, in his opinion, the municipalities are not taking up that plan?

Mr. HOWE: My hon. friend gave a description of that in connection with one of the suburbs of Toronto when he spoke a few moments ago. That is exactly the reason. A good many people in the town do not like to have that type of housing built in the town. All I can say to my hon. friends opposite, and particularly to our socialist friends, is that if they would go back to their communities and promote a little rental housing—it would not be a question of subsidization—the houses would be built and rented at prices which were economical.

A good deal has been said about the cost of housing in comparison with the ability to pay. I came across an interesting advertisement in a paper called the Melville *Advance* of Melville, Saskatchewan. It shows in terms of wheat that the materials for a house cost 34 per cent less today than in 1939. It points out that the materials which went into a house in 1939 required 2,782 bushels of wheat, whereas in 1948 the materials could be purchased for 1,822 bushels of wheat, or 34 per cent less. It was also figured out in oats. In 1939 the materials of the house would cost 6,361 bushels of oats. In 1948 it cost only 2,927 bushels of oats, or a saving of over 50 per cent. In beef cattle the material in the house would have cost twenty-nine head of beef cattle in 1939; in 1948 it cost only eighteen head of beef cattle.

It is all very well to deal with absolute figures. The hon. member for Mackenzie thinks he can give income figures for 1941 and apply them to cost figures for 1948, and believes that hon. members should pay some attention to that kind of statement. I would suggest that everything he brought forward in his speech was just about as sensible as that particular comparison. In my opinion that is a fair indication of the value to be placed on his remarks.

As far as the amendment is concerned, it is simply a negation of the motion. The sub-amendment proposes another alternative, and it would possibly provide more houses. It suggests that local housing authorities be formed. It suggests that the municipality, the province and the federal government join with local housing authorities. There is something to be

said for that; but the difficulty is, as far as the dominion government is concerned, that it is likely to be called on for practically all the investment. It believes that, being responsible for appropriating the taxpayer's money for that purpose, it has a responsibility also to see that money is well spent.

The federal government has been in the housing business now for five or six years. It has built up a valuable experience and an able organization. I believe that the federal government is getting good value for its expenditures in housing.

Mr. HARRIS (Danforth): Fair value.

Mr. HOWE: It is pretty good. I do not know of anybody who builds them as cheaply as we do.

It has been said in this house that it is impossible to build a house which will rent for $35 unless it is a subsidized house. The federal government is finding that it can build houses without subsidization which can rent for $35 and below. Therefore I say that neither of these amendments is likely to add anything very much to the housing that will be built in this country.

It has been said that this bill simply makes it easier to finance private enterprise in building housing accommodation. I agree. That is the purpose of the bill. It has also been said that private enterprise cannot afford to build houses under these conditions. May I point out that of the 78,000 houses built in 1947 private enterprise built five to the government's one. In other words, it built five units out of every six.

We believe the quickest way to obtain adequate housing is to make it possible for private enterprise to carry a very large part of the burden. That is the purpose of the amendments being introduced in this bill. No amendment is required to enable the government to enter into the field of direct building; it has that authority already under the housing act. We hope and believe the amendments now being introduced will encourage more building by private enterprise than has been visible over the past twelve months.

Mr. W. CHESTER S. McLURE (Queens): Mr. Speaker, I am not going to make any long address on housing or housing problems, but I want to draw to the attention of the minister a project in my constituency known as Maple Hills. A short time ago I mentioned this matter, and stated that the veterans occupying this accommodation have been notified that they must get out by September 30, 1948, or be ejected. However I should like to review the history of this project, and find out from the minister what is to be done.

I think the minister will agree when I say that housing as carried on by the various companies under his department has been an entire failure in Charlottetown and, in fact, in all Prince Edward Island. Somehow or another they did not get into gear and get to work, so that very few houses were built. In 1945 the veterans began to arrive home; many of them were looking for houses, but they could find no place to live. The city of Charlottetown decided to come to their rescue, and took over the buildings at the airport, now known as Maple Hills. With some assistance from the provincial government they fixed up one hundred housing units for veterans and their families, and at the present time ninety-six of those units are still occupied by veterans and four by civilians.

The city of Charlottetown undertook this project to provide for the immediate accommodation of those veterans. That was in 1945. In February of 1946 a new city government came into power, and when they looked over the situation they decided they could not afford to carry it on. So they said to the authorities who were associated with them, "We cannot carry this on beyond May 31, 1946." The position of the veterans had not changed; they had nowhere to go with their families. In 1946 the provincial government decided to come into the picture. They had been assisting the city of Charlottetown, but the city withdrew from the proposition and the provincial government took over, and decided they would continue if they could get assistance from Ottawa. They came here in May of that year and made arrangements, I suppose with the right hon. minister, to carry on under a fifty-fifty plan with respect to the expenses in connection with Maple Hills, and this arrangement continued until September of 1947.

Finally, last August it was understood that some change would have to be made with respect to the veterans who had these homes. I understand on that occasion the provincial government approached this government and requested that the plan be extended for one year, until September of 1948. Of course that was not hard to arrange, because at that time a provincial election was in the offing. Maple Hills had a registered vote of some three hundred, and to turn those men out would mean a loss of that many votes. So the federal government granted the request, and the provincial government has continued to operate that project on a fifty-fifty basis.

The end of the period is now in sight, and there is still no other accommodation for the one hundred families now living there. They are fairly well situated. They pay a rental to the two governments averaging about $24 a month, and those who are employed in the city have to pay another $15 a month for transportation to and from their work.

At the present time there is no possible chance for these one hundred men and their families to secure houses, so I should like the minister to give consideration to continuing this plan for the benefit of those people. It will not cost very much. The buildings are there. They may require a few repairs again this year, as all houses do, but generally speaking those families are fairly well located. They have a school and everything required; and the possibility that they may be ejected next September, with nowhere to go, presents a problem that I think well deserves the attention of the right hon. gentleman.

Mr. KNOWLES: Mr. Speaker, I wish to take part in the debate, but before doing so I rise to a point of order with respect to the subamendment moved by the hon. member for Parkdale (Mr. Timmins). I should like to say that I agree with the suggestions contained in the subamendment, as an addition to the proposal contained in the amendment moved by the hon. member for Mackenzie (Mr. Nicholson), but I object to having those suggestions offered as an alternative.

It seems to me that this subamendment is out of order on two grounds. On the one hand, unlike our amendment which merely asks the government to consider a certain course, the subamendment in effect instructs the government to elicit certain co-operation and to do things that could not help but cost money. The other ground on which I suggest it is out of order is based upon a sentence I should like to read from May, thirteenth edition, at page 291:

> An amendment to a proposed amendment cannot be moved, if it proposes to leave out all the words of such proposed amendment: but in such a case the first amendment must be negatived before the second can be offered.

The mere device in this instance of referring to "all the words after the word 'that'" is, as I have already characterized it, a device. In effect not only does it strike out all the ideas contained in our amendment, but it strikes out even the original motion, that Bill No. 280 be now read a second time.

For these reasons I submit that the subamendment, while containing good ideas, is out of order, and should be so declared.

The ACTING SPEAKER (Mr. Golding): I must say the point of order raised by the hon. member for Winnipeg North Centre (Mr. Knowles) is well taken. The subamendment is out of order, and I would refer to the citation in May, 13th edition, which reads:

> An amendment to a proposed amendment cannot be moved, if it proposes to leave out all the words of such proposed amendment: but in such a case the first amendment must be negatived before the second can be offered.

This subamendment does that very thing, when it states that all the words after the word "that" should be struck out, and certain following words substituted therefor. Therefore I rule the amendment to the amendment out of order.

Mr. STANLEY KNOWLES (Winnipeg North Centre): Mr. Speaker, I wish to speak briefly to the amendment now before the house. It was moved by my deskmate, the hon. member for Mackenzie (Mr. Nicholson) and it was my pleasure to second it.

It seems to me that this amendment really poses the crux of the housing problem in Canada at the present time. A few minutes ago the Minister of Trade and Commerce (Mr. Howe) suggested that in effect the government is doing some subsidizing of housing. That is correct, and I am glad the principle of subsidizing housing is, to that extent at least, recognized and approved by the minister.

But the point we wish to make, and we do so by the very wording of our amendment, is that what is needed is the subsidizing of low-rental housing, with the emphasis on "low-rental". For a long time the suggestion that there should be subsidized low-rental housing came chiefly, if not solely, from this group. That day has, however, passed. We now have such organizations as the Canadian federation of mayors and municipalities, the Canadian construction association and many local groups, societies and organizations across the country pleading for subsidized low-rental housing.

Those pleas also call for something for which the hon. member for Parkdale (Mr. Timmins) asked in his remarks of a few moments ago, namely, that there should be a more definite attempt made to get together the three levels of government in respect of this housing problem. I support wholly his contention that that should be done. However, in the very words of the Minister of Trade and Commerce, there is not much point in the various levels of government getting together, if you rule out the element of subsidies. That will have

to come into the picture; and the Minister of Trade and Commerce is quite right when he says that if there is to be any worthwhile element of subsidy in the provision of low-rental housing, it will have to come from the federal treasury.

A few days ago the Prime Minister (Mr. Mackenzie King) lectured the leader of the opposition (Mr. Bracken)—and some of us thought it "love's labour lost"—when he told him how to get along in political life. The Prime Minister said at that time something he has said on a number of occasions, namely, that even when a government has a good idea it should not get too far ahead of the thinking and desires of the people. The Prime Minister gave that as his reason for taking so long to take steps in the field of health services. That same reason was given when advances at long last were made in matters of old age pensions and family allowances. The Prime Minister's argument, when finally he did start to move in connection with these various matters, was that public opinion would now support these moves. As a matter of fact public opinion had overtaken the government and made it necessary that those moves be taken.

I suggest that public opinion has now overtaken the government in the matter of subsidized low-rental housing. The government needs no longer think it will be doing something out in front of public opinion if it rules in that direction. Every two or three days I receive resolutions from one group or another expressing concern about the housing situation; and it is amazing to note the unanimity with which bodies of various kinds are now asking for subsidized low-rental housing and for a get-together of the three levels of government to proceed with such a plan.

The most recent of these to come to my desk—it arrived only two days ago—is from the Soroptimist club of Winnipeg. This communication is signed by Miss Kathryn M. McLearn, president, whose address is the Shriners Hospital for Crippled Children at Winnipeg. Miss McLearn enclosed with her letter a copy of a resolution passed recently by the Soroptimist club in that city. It is lengthy, and I shall not read the whole of it; but I believe I should place on record two or three of the recitals and the operative part of the resolution. I quote:

> Whereas a great many families with low incomes in Canada are living in unhealthy, overcrowded or unsanitary housing accommodation; . . .
>
> And whereas most of the people living in deplorable housing accommodation cannot afford to buy houses at today's high prices;
>
> And whereas bad housing results in higher disease and mortality rates, and in higher rates of crime and delinquency;
>
> And whereas bad housing is not only costly in human values, but also is costly to the taxpayers in providing social services which otherwise would be unnecessary . . .

I would ask the hon. member for Brandon (Mr. Matthews) to note that these remarks are not made by someone who wears politically coloured glasses—to use his phrase—but that they are made by the group to which I have just referred, namely the Soroptimist club of Winnipeg. The resolution continues:

> . . . And whereas Great Britain, the United States and the Scandinavian and many other countries have provided low-rental housing for low-income families largely subsidized by the national government, but our federal government has not provided any such housing in spite of many recommendations to do so;
>
> Therefore, be it resolved that the federal government without further delay, institute for low-income families a low-rental housing program largely subsidized by the federal government.

There is much more I would like to say. In fact I confess I have on my desk some notes and quotations which are somewhat provocative; and that is the way some of us feel about this problem. But I am not going to go ahead with what I had planned to say. I would rather leave it as it is. My reason for doing so is that the amendment now before the house poses the issue squarely that what we need is for the government to move in the direction of subsidizing low-rental housing. That is not just an amendment moved by the C.C.F. As already pointed out, it is the position taken by the Canadian federation of mayors and municipalities and the Canadian construction association. That is the position of many organizations, societies and bodies across Canada, which are alarmed and concerned about the menace of bad housing in this country.

The minister has said that the effect of this amendment will be to negate the bill. I will not go into the procedural phase of the matter, but in spirit he is right. What we want and what I am sure the people of Canada want is not this bill, which will not build houses for people in the low-income groups, but that the bill should be defeated and the government informed that it is the opinion of this house that they should bring down a measure for subsidized low-rental housing. I hope the house will see fit to support and pass the amendment which has been moved.

Mr. J. O. PROBE (Regina City): Mr. Speaker, I should like to say a word at this stage. Hon. members on the opposition benches have pleaded with the Minister of

Trade and Commerce (Mr. Howe) to bring forth a subsidized low-rental housing formula which would be more effective than what the minister is now proposing. Every successive amendment on housing that has been brought into the House of Commons since I have been here has had the effect of consolidating the investment feature of those companies which lend money for housing purposes.

I realize that on second reading I should not refer to any specific clause, but I should like to comment on one provision which, it seems to me, is a breach of what the minister brought forward a year or two ago. Investors in house building were held to a maximum profit return of five per cent by the amendment which was brought in, I think two sessions ago. This bill contains a provision which will permit limited-dividend housing companies to exceed that five per cent return on capital investment, because they are to be permitted to retain the full residual value of the property after the loan granted by the Central Mortgage and Housing Corporation has been repaid.

It seems to me that the emphasis is being improperly placed. No more building will be carried on as a result of these various amendments than was carried on before. What we need is not a guarantee to the investment company or the builder of eight or more rental units, but to the individual whose income does not permit him to rent anything more than a shack in which to house his family. Such quarters are not suitable for the size and dignity of the average family.

This afternoon objection was raised by the hon. member for Ottawa East (Mr. Richard) to a discussion of housing conditions in Ottawa on the second reading of this bill. I should like to tell the house something of what has been done in my city. The hon. member for Rosetown-Biggar (Mr. Coldwell) has criticized the lack of sanitary facilities in many of the houses at present occupied across this country.

Regina attempted to the best of its ability, with some help from provincial and federal purses, to provide emergency housing, but that city has now reached the end of its resources. As a result of what was done, there has been created out of sections of what we thought was a beautiful prairie city what are no less than slums. In providing this emergency housing we built small two-roomed shacks, about the size of the ordinary garage or perhaps smaller than the garage in which the minister houses his car. These were made available to families that had no better place in which to reside. There was no such thing as running water or plumbing in those buildings. We live in a part of the world where the temperature drops to 40 or 50 degrees below zero, but for economic reasons and a lack of plumbing fixtures we were forced to build outdoor toilets fifty or sixty yards away from the shelters.

Mr. HOWE: Is the hon. member accusing the federal government of having built those?

Mr. PROBE: I tried to be explicit. I said that our own city had put up these shacks with the assistance of the senior governments. There was no other means of quickly housing the great influx of returned soldiers, veterans families and others. Regina tried to meet the needs with its resources, and we are thankful for the limited help we were able to get from the senior governments, which includes the minister's department.

The plea I make to the minister—I would get down on my knees if it would have any effect—is that we have not made an adequate start. I would like to mention one family that lives in one of these two-roomed shacks. The family consists of a man, his wife and at present there are three children. The mother is in daily expectation of having an addition of twins to the family, so that there will then be five children ranging in age from eighteen years down. The man is employed, but he has no alternative as far as housing his family is concerned. Canada does not have to do things in that way.

Since I have been here no man has been complimented more than the Minister of Trade and Commerce. Everyone recognizes the skills he possesses and has paid I think fitting tribute to him. But, Mr. Speaker, I dislike his bill. He will not be able to do the job as a result of these amendments. I am going to vote against this measure because it will not provide the housing that our people with low income desire and must have.

Mr. J. H. HARRIS (Danforth): Before this measure receives consideration from other hon. members, I should like to have the privilege, Your Honour, of paying my regards, respects and compliments to the hon. member for Brandon (Mr. Matthews), and I couple with his name that of the hon. member for Renfrew North (Mr. Warren) for the speech he made almost a year ago. Both of these gentlemen took a very broad view of Canada's housing accommodation, not only thinking in terms of those of us who find ourselves crowded in urban centres but bringing into the equation also the people in the rural communities who, as so many

members of this honourable assembly during the quarter century I have been in it have said to you, sir, and your predecessors, are the backbone of this nation. Yet, sir, as you and I traverse this country and see so many abandoned and neglected and not kept in repair homes, one sometimes wonders whether or not we are a people of the soil. That does not refer to the problem which is at present before the Minister of Trade and Commerce (Mr. Howe), who is charged with the responsibility of piloting through this house a bill which is far removed from trade and commerce, so far removed that I sometimes wonder how he can be a man of so many parts.

I want to make particular reference to a statement made a few moments ago by the hon. member for Brandon when comparing our position in this fair Canada of ours with the position that obtains in other dominions within the commonwealth. The hon. member said, as I recall it, that to the extent of 50 per cent New Zealand gives priority to the necessary materials used in the production of housing—nails, if you will, and any other necessary commodity—while Canada gives 100 per cent priority wherever it possibly can.

It was my happy privilege some few short years ago to observe and travel through the length and breadth of New Zealand and also some 14,000 miles through the Dominion of Australia. Naturally, Mr. Speaker, a Canadian thinks of our sister dominions down under, which he may be visiting, in terms of what obtains in his own community. When I think of the climatic conditions under which our cousins down under make their living and carry on their way of life, at the same time I think of the conditions under which we in this more northerly and not quite so temperate zone have to find our way of life.

It is a great privilege perhaps and to the advantage of our ordinary Canadian citizenship to apply nomenclature to ourselves which says that we are strong men of the north. That condition does not obtain—I am thinking of housing—to the same degree with our empire associates living in zones not quite of the same nature as our own, north of the 49th parallel, where we must of necessity be strong men of the north. Down there the people live under tin roofs, without basements in their homes because there is no frost to lift their foundations. They harbour their cattle and what not out in the open twelve months in the year. But in Canada the conditions are such that we cannot have our breakfast in a room in which there is no floor under the kitchen table. Ours is a different climate altogether; and when my hon. friend the member for Brandon stated that New Zealand gives priority to the extent of 50 per cent on building materials as compared with Canada's 100 per cent, I ask my hon. friends to my left when they speak of New Zealand to be fair and remember the very different conditions that obtain in Canada.

On motion of Mr. Harris (Danforth) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. MacNICOL: What will be the business for tomorrow?

Mr. FOURNIER (Hull): Tomorrow we shall continue with the program outlined last night. We shall continue debate on the second reading of this bill, No. 280, to amend the National Housing Act, 1944, and if that is concluded, we shall take, but I cannot guarantee the order, the second reading of Bill No. 228, to amend the Excise Act, 1934, and the second reading of Bill No. 229, to amend the Customs Act, and resume the committee stage of Bill No. 300, to amend the Canada Shipping Act, 1934. If there is time left we shall go into supply on the estimates of the Department of Transport.

At six o'clock the house adjourned, without question put, pursuant to standing order.

END OF VOLUME IV